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Canada. Ministry of State for Urban
Affairs
[Statements and speeches]

1971 - 74

CA1 UA

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For Release:

A publier:

1 P.M.

October 20, 1971.

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Remarks by the Honourable Robert Andras

Minister of State
for Urban Affairs

Member of Parliament
for Port Arthur

Discours de l'honorable Robert Andras

ministre d'Etat
chargé des
Affaires urbaines

Député de Port Arthur

The Canadian Real Estate Association,
1971 Annual Conference,
Queen Elizabeth Hotel,
Montreal, Quebec.

Central Mortgage
and Housing Corporation

National Housing Act

Société centrale
d'hypothèques et de logement

Loi nationale sur l'habitation

CA1 4A -P21


I am happy to join you today, to make some remarks about my Ministry's responsibilities and hopefully to exchange views with you about Canada's urban problems.

It is always or nearly always, a particular pleasure for me, to be in this city. In one way it is my home also for it is the city of my birth. Over the years, each return visit to the Island of Montreal is a special treat, something like an interrupted yet long documentary film.

I suspect that those who visit frequently may see and feel the changes of a large city growing more than those who live in its midst.

And what do we see? In one sense, this sprawling Montreal urban region mirrors the nation. It reflects our achievements as a nation while it does not mask our defeats.

This urban region is the home for more than two million people. It is a place of beauty and excitement - and of ugliness; of great wealth and yet extreme poverty; with signs of growth and pockets of decay; illogical, costly and aesthetically unpleasant sprawl but also several vibrant core areas for social interaction during the day and at night.



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All the well known problems of large North American urban centers are with us here in varying degrees of seriousness yet somehow this area of Canada has what even urbanologists can only define as an X quality: a sense of electric excitement which is not always present in large cities. Whatever the reason - whether it lies in cultural, social, or economic factors, or in a complex intermingling of many unique characteristics; this is your present heritage. But Montreal - as with many Canadian cities - faces increasing problems - problems that will be compounded as it grows - and problems for which there are not yet sound and well thought out solutions.

Many Canadians, and I'm sure many in this room, are increasingly conscious that the time has now arrived in our history as a nation to pause and to pose some fundamental questions about the kind of urban Canada we have inherited - where it is heading. For example, one hard question relating to demographic objectives: do we want a nation in the year 2000 dominated by three urban centers - Montreal, Toronto, and Vancouver --- containing 1/3 of the national population? A Canada in which 75% of its people live in just 12 cities? Those are the projections of current trends of urbanization - of population distribution - extended for the end of the century (only 29 years away). And if that population pattern were to be acceptable, which I question, then that incredibly rapid rate of urbanization (greater than most countries) is frightening in terms of our present policy and program arsenals to deal with urban growth. There are many obvious benefits to a nation with an urban life style, but with the glaring examples of New York, Tokyo, Detroit and Chicago, it behooves us to begin defining the costs of rapid urbanization: poverty, inadequate housing and blight, inefficient and costly transportation systems, pollution of all kinds, and the growing tension, frustrations, crime rates and social unrest.

We now have a greater understanding of what rational man can achieve in marshalling existing technology. We have a capacity to imagine and dream of more ideal environments that could be realized by applying existing knowledge if we but had the collective determination.

But as is the case in all human endeavours, there is a tremendous gap between what we individually sense, and seek as optimal and what really exists, whether we talk of family life, the design of our homes or our cities, or the character of our nation.

Why the gap? I do not have to stress that a modern, economically mature city is, in actual fact, the result of many millions, if not billions, of individual private decisions and an almost equal number of governmental decisions ranging from those of a municipal planning agency to issue a building permit to a federal government increasing the level of social assistance.

The interaction of all these decisions produces and shapes a city. To markedly change, in any serious way, any single element of such a complex process requires an equally complex orchestration of hundreds and even thousands of actors, each possessing jealously guarded powers which often have to be changed if anything is to result.

The historical scenario is clear on what happens when people sense a gap between reality and their own goals and wish to narrow it. They turn to governments and their often highly generalized sense of disquiet tends to coalesce into an equally generalized issue.

For instance, in the early 1960's in response to general urban pressure that something had to be done about "urban blight", and I want to stress that these terms were never clearly defined, the existing technocrats of the day cooked up a new policy and program, urban renewal.

Well, I don't have to tell you that it didn't work so well. In many instances, the consequences of this program as the bulldozer roared ahead were perverse. And, in 1969, my Colleagues and I, as far as was possible, stopped the entire national program.

We suggested then, and I suggest to you now, that hundreds of interdependent problems of a major city will not and cannot be solved with simple pronouncements and the resulting simplistic program responses. It is too easy and yet it is far too costly for politicians to respond to generalized public pressures, by, for example, building a superhighway as a response to generalized concern about inadequate transportation, and fail to answer the questions that must always guide us: who will really benefit? What will be the first and second and third round consequences?

Well, what is the vital missing ingredient in the historical pattern of private and governmental response to generalized public urban concerns? Essentially, and this is perhaps the kernel of my message to you today, two vital elements have been historically missing. First, there has been and continues

to be a totally wrong belief - or impatient insistence - that urban problems are not really that complex and are susceptible to simple solutions. This belief is false and those who propound it mislead and deceive the people. Urban experts and social planners now agree that a mature economic unit, a modern city, is one of the most complex of human systems and that intuitive solutions to the complex problems of a city are more often wrong than they are right. That is a fact and it should be cause for even the most self-righteous expert to pause before he puts forward his little bag of proposed solutions. Second, there has been and continues to be an absence of clearly defined and widely shared goals guiding our pattern of response to urban problems.

Well, so what, you may say. If an understanding of the complexity of the urban process and the clear definition of widely accepted goals are first vital steps, then let's recognize this and get on with the job, for certainly Canadians have the determination and will to do so.

Well, I must ask, get on with what job? And where is the collective determination? If "we" continue to be determined to put superhighways through the middle of cities whose goals and whose determination are getting expressed? Should we allocate scarce dollars to rehabilitate houses in the path of the superhighway's bulldozer, or in an area that a municipality has zoned for high-rise commercial development?

However self-evident or motherhood sounding one's proposed solutions are, one cannot really argue that their implementation should precede their wide acceptance.

Let me give you an example. My advisers---and I do believe they are more socially sensitive or aware than perhaps those of the early sixties who proposed urban renewal---are almost bursting with ideas on how we can move to present solutions to many perceived urban problems. Rehabilitation of older home, and it obviously is, in general, more sound and less costly policy to preserve existing homes than to build entirely new ones.

Let us presume, as some of my advisers argue, that in our wisdom we go to my Colleagues in Cabinet and receive authority to get legislative changes and say 20 or 30 million dollars to start a national program of rehabilitation for older homes. Certainly few politicians would argue against it. But what would such an isolated gesture of the federal government really mean? If a given municipality defines commercial re-development, for example, as a true municipal urban priority, then what does a token federally sponsored rehabilitation program really mean? Just that---a token program probably cancelled out by other private and public decisions. For unless the wishes of the people are effectively expressed through community organizations and the three

levels of government, the crazy quilt historical pattern of contradictory objectives and priorities among governments and within governments will continue. And that is why I suggest that unless there is a greater emphasis on clearly defining our goals and then seeking a broad consensus, our actions will continue to be contradictory and too frequently perverse.

In this context, if a rehabilitation program is viewed as one public policy instrument which can be used in concert with other programs, and if the objectives of such a program are clearly defined and understood by all participants, then such a program is more than a token gesture.

Well, in summing up these general statements, I would like to state the present position of the federal government in five brief concluding points.

1. The federal government, acting through more than 27 federal departments and agencies, spends billions of dollars each year in programs, within our constitutional authority, which vitally affect the rate of growth, the shape and substance of life in Canadian cities. These programs range from Federal immigration, social policies and national transportation policies to the activities of the National Harbours Board, CMHC, CNR and Public Works. This is a fact, a reality and only the most blind

observer would fail to conclude that the impact on cities of these diverse activities is profound.

"Municipal Affairs" is rightly and clearly a provincial constitutional responsibility. But we cannot wish away the impact of clearly federal activities. The important issue is not to ignore the existing federal role but to find ways of ensuring that the exercise of these federal activities seeks to complement rather than distort local and provincial priorities.

And here lies the difficulty. Because these federal policies, programs and individual decisions have historically been implemented outside of any stated policy framework and with far too little consultation with provinces and municipalities, there has been a historic pattern of tending to distort provincial and municipal priorities. Obviously, this has worked in the other direction also. How do we reverse such a pattern? This is the central question. Certainly no reasonable person can argue that this dilemma is solved by ceasing all federal activities - closing the railroads, the airports, the immigration flows. For reasonable men, the answer must lie in the other direction: through consultation, the sharing of knowledge, and the commitment to seek new mechanisms of collaboration. And in this sense, by putting its urban policies and programs on the table for discussion, the federal government is, if anything, permitting a lessening of its powers rather than the reverse: seeking to intrude into an area of provincial jurisdiction.

We recongnize that new patterns of collaboration are not going to solve all conflicts and problems. But with good will and the clear recognition of Federal sincerity to diminish any interference, we can proceed.

For the voice of Canadians is quite clear: problems which fall among governments' jurisdictions cannot be wished away - they demand rational attempts to recognize them at the very least.

2. Our clear stated objective is to seek methods of furthering intergovernmental cooperation and consultation. This is not a pious objective...without such increased collaboration, we will continue to flounder.

At this moment in time, I regret to say, support for this objective is limited both from governments and the general public. Even one sensitive journalist friend of mine (from Montreal) saw fit recently to question our attempt to place a high priority on seeking new ways of intergovernmental collaboration. He suggested that endless talk on such new mechanisms does not solve the glaring inequities existing in Canada's large cities. And in of itself, it doesn't. But it is a vital first step. And, as I said earlier, I don't see any wise men stepping forward with easy solutions to redress urban inequities. Let us continue to question intuitive solutions; for example: the tax reform changes proposed by the Government, which provide tax relief for low income Canadians, will go a lot further in redressing basic social inequities than any rhabilitation program. One doesn't necessarily preclude the other, but (for God's sake) let us start talking real priorities. So that when we make the hard decisions in putting dollars behind various objectives, we will not deceive ourselves.

3. The federal government is committed, and has acted, in seeking to coordinate the diverse activities within the federal government which affect urban Canada. We do not deceive ourselves that this is an easy task that will be accomplished overnight. It represents one of the most elusive objectives, yet it is the central goal in the establishment of a federal Ministry of State for Urban Affairs. In this gradual process we are trying initially to make explicit the objectives of existing policies affecting urban Canada while at the same time trying to ensure that new programs will at least take into account their urban implications. (An example of the latter is the recently announced winter employment program) And in doing so, we are painfully aware that we ourselves are not setting out alone to formulate a national urban policy. For this can only emerge from a national consensus.
4. We are committed to ensuring a higher level of community involvement in framing policies for Canada's urban future. Through CMHC, we have put our money behind this commitment in our funding of citizens' groups. But no one should turn to the federal level of government to redress political imbalances if they feel other levels are not effectively expressing the will of their communities. In other words, if we as a people prefer a federal system, then we should look to the proper jurisdictions for proper responses.
5. In the urban and housing sector, we will be proposing new initiatives in the near future for discussion and consideration. To the greatest extent that our existing knowledge allows, we will try to propose sound policy changes that go to fundamental causes of problems rather than a grab-bag of politically sexy changes that only deal with symptoms. In doing so, we will readily acknowledge that at this point in time no new statutory or policy instruments we develop will meet all the needs or right all the wrongs. For until we, as a nation, develop clear goals to which there is a high degree of commitment, inequities in our society will only be ameliorated

and not removed. For a housing program is a difficult method, and perhaps should not even be a method of redistributing income in the society, and it is equally doubtful if any policy on land assembly can radically alter the nation's values on land ownership.

But what we can and must continue to do is to provide the instruments through which a society can will its values and if it is truly prepared to assign the priorities and allocate the resources to specific clearly defined objectives, then there will be a collective determination to achieve them.

For Release:

A publier:

November 17, 1971

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Notes for Remarks of Minister
of State for Urban Affairs to
First Ministers Conference.

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For the purpose of today's agenda item I would like to discuss one aspect of my Ministry that most directly and immediately relates to your governments. That is, Consultation - the need for effective and continuing consultation, what form it would take, who it might include, and how differently we see it from other existing forms of federal-provincial consultation.

The Prime Minister has indicated our concern with the major problems and issues resulting from the rapid pace of urbanization in Canada - - - - all of which has to do with the quality of urban life for most Canadians. These are truly problems of concern to us all and which, I suggest, require our most intelligent thought and preparedness for innovation and change. It is on these sorts of issues that we seek consultation leading, we would all hope, through study and dialogue together, to the development of broad policies and goals which could guide us all in our collective efforts to meet the difficulties of today and the greater difficulties we all see on the horizon. Where to locate a major airport and whether to build a bridge across a harbour - important as they can be in locking a whole city or region into certain living patterns --- are certainly matters for consultation and cooperation. But it

is in the wider sense that I would like to discuss consultation today. We need to develop a Canadian view - not a federal government view - of what we are seeking for a better Urban Canada and to examine the policy choices we all have at our disposal to achieve it. And I think here of the need to have at one and the same time a policy approach consistent with the need for each urban area to express its unique personality.

The Prime Minister has also talked of the "process" that we have already launched seeking some form of tri-level consultation. This has given us a forum and as such we have achieved considerable progress and success in this. By "process" we mean a continuing series of consultations with the goal of tri-level consultation in mind but with the federal government being prepared to explore with you the many ways that might lead to the establishment of the best possible mechanism for achieving this goal.

The consultation process, whatever name or type of formal structure it is given, we think should provide occasions to exchange systematically information, opinion and ideas about policies and programs having a major impact on the urban environment. The process could include arriving at recommendations for mutually

agreed policies and courses of action. But it could, obviously, stop there. Governments and legislatures could reject or ratify, implement or shelve, any policy or program suggestions. Such a continuing consultation on the key urban issues of today and tomorrow could, we think, be usefully served by some form of permanent, expert secretariat to build continuity and expanding knowledge into the process. (1) The secretariat could be drawn from various sources. We have some suggestions but no fixed opinion on that.

We have said, many times, that in these consultations the federal government believes the urban governments in some manner ought to have a regular opportunity to express their point of view on matters which the federal and provincial governments feel could be reasonably considered within the context of urban consultation. How they might be able to do this is for you to decide with them. We all know how insistently the cities of Canada, some of them with extremely large populations, are clamouring to be heard on the nation's urban business -- we all know how hard they are pressing.

Each province may have different ways of dealing with this matter. That is fine. We would like to see the principle, of accepting some kind of significant input from urban governments, adopted with (1) as was suggested by Quebec for the Conference of Ministers of Municipal Affairs.

the largest possible degree of unanimity.

We are confident that such a process of consultation could result in meaningful changes to policies and programs which would make them more relevant to current and future needs and aspirations. As a demonstration of our commitment, we are prepared to lay on the table in the early stages of such a process --- let us say at an initial conference which could hopefully come within a few months --- some federal urban-related policies for discussion. Round-the-table study of live priority issues by the interests concerned is what we mean by this consultative process --- and we are ready to start by submitting for discussion some current or prospective federal policies.

I may say here without dwelling on it that we hope that during the continuing intergovernmental consultations about broad policies and programs, we can seek ways and means whereby the views of interested groups and organizations can also be made known. They might or might not be given voice through a separate or different mechanism. But it is consonant with the developing ethic in Canada that the many voices of the urban community be better heard on the issues and problems they face.

I have dwelt at length on one essential set of consultations.

You know, and the Prime Minister has said, that the Ministry also has a consultative and coordinating role regarding specific current and future federal programs and policies which, while designed to achieve particular operational goals, can have a major impact on the urban environment. Here, the Ministry will tend to take a more direct and regionalized approach in its dealings with you. This would not in any way shut off the direct access of provincial departments to the federal department or agency with operational responsibility but to complement it in providing a comprehensive urban view. Our role here is, quite simply, to try to ensure that all federal activities affecting urban areas are carried out in such a way that, while achieving their particular objectives, they are in harmony with the broader goals we have all agreed upon for Canada.

With the cooperation of your governments, my Ministry is already beginning to develop consultative mechanisms to that end in various urban centres and it will be developing more. From such on-the-spot learning, involvement and consultation

will come, we have every hope, not only a more sensitive handling of all operational programs affecting urban life, but a better ordering of the federal programs designed or redesigned in a spirit of cooperation which are directed specifically towards the solution of some of the great urban problems of today and tomorrow.

The establishment of the Ministry of State for Urban Affairs is a new and, with modesty, I like to think a courageous step which has been taken. It is the vehicle through which the federal government will be better able to work with you in seeking a better future for our urban areas.

Address by
The Honourable Ron Basford
Minister of State for Urban Affairs
at the Industry Luncheon of
the National Home Show
Toronto Home Builders' Association
Exhibition Park
Toronto
April 12, 1972

I must begin by thanking you for your kind invitation to be with you today. It provides an opportunity to meet many of you for the first time; to set out some of my thoughts on aspects of housing; to let you have a look at the new federal minister -- and as an avid do-it-your-selfer, gives me a chance to look at the National Home Show.

Politics being a precarious business, there is a self interest side benefit for me too. As a lawyer, I am very conscious of the future potential of knowing something about the selling and buying of new houses. Perhaps I shouldn't have said that -- I can see tomorrow's headlines: "Cabinet member hints at government election defeat."

The National Home Show has built an enviable and justifiable reputation as being one of the finest exhibitions of its type. The many thousands of people who attend attest to that. The imaginative and innovative developments that have become a hallmark of the National Home Show, also present an impressive illustration of what the housing industry has to offer. You are to be complimented for the tremendous organization and effort that goes into mounting such a great show.

While I have had the pleasure of meeting with delegations from HUDAC and urban builders, this is the first opportunity I have had to formally address a group of builders as Minister of State for Urban Affairs. I read that some of you have been wondering

what sort of housing minister the former Minister of Consumer and Corporate Affairs will be.

First, let me say that the problems you encounter -- the very challenging problems faced by all Canadians from the process of urbanization in this country, are not new to me. My riding of Vancouver Centre contains the most densely populated square mile in Canada and I am very familiar from my own direct experience, with the very serious questions that must be resolved to ensure that our cities remain places for people.

I will be discussing the federal government's role and intentions in the broader context of urban affairs -- in the context of such matters as urban transportation, urban renewal and so on -- at a later date. I can tell you at this time that we are now working on amendments to the National Housing Act and other legislation, to develop proposals dealing with the needs of low income and disadvantaged groups, and measures through which we can return some of the present housing stock to a high standard. We are now in the process of consulting with the provinces on these matters and I hope to be able to announce the details in the near future.

Second, you will find that I am a Minister with a very serious regard for my oath of office. In my years as Minister of Consumer and Corporate Affairs I was expressly required by statute -- and I quote -- "To initiate, recommend or undertake programs designed to promote the interest of the Canadian Consumer".

In living up to that oath of office, it was necessary -- and it was my job -- to build a department and a legislative framework from the ground up. Those I represented know that it was done with energy, enthusiasm and commitment.

In that our objectives in housing are the same in most important respects, I look forward to working with you with the same degree of energy in supplying decent housing for all Canadians.

I should make one point in this regard. The Urban Ministry is still relatively new. There has been a need -- a decided and unavoidable need -- to learn more about the urban situation and to put together a body of solid, authoritative information. But the time for concentrating all our efforts on studies and task forces is over. We must, of course, continue vital research programs -- but we must also bring forward legislation containing practical, workable measures. And this is where my own priorities will be in the immediate future.

I want to express my appreciation for the record-breaking performances turned in by your industry over the past few years. You have built nearly 600,000 new homes in the last three years alone -- a tremendous achievement. Due in great measure to your efforts, we have just completed a year of unprecedented housing construction in Canada. And there is no doubt that at present levels, 250,000 new homes will be built this year. In my opinion, a good deal of credit should go to your industry for the fact that we will be exceeding our

short-term national housing targets.

It is no coincidence that this record production has been paralleled by new records in the amount of mortgage funds available for residential property. More than \$4 billion was made available last year. And when you get right down to it, money is one of the keys to resolving the housing situation in Canada.

We have the construction resources -- we have the innovative talent to build quality living accommodation. To keep pace with the growing demand for new housing, however, we have to come up with some new ideas on how it is going to be financed.

To meet the necessary targets for housing in Canada over the next decade will call for an investment of more than \$41 billion. We are rapidly moving to a point where an annual investment in the order of \$5 billion will be required to satisfy the financial needs of residential construction programs.

That kind of money simply isn't available today without a heavy commitment of federal government funds -- despite the exceptional levels of private mortgage investment over the last several years and the large government investment in new housing.

But the money has to be found. Indeed, it is fundamental to the whole question of ensuring that Canadians have decent housing. You can be as productive or innovative as you want on paper -- but you are not going to accomplish very much unless the right kind of money is available at the right time.

Government policies over the last several years have been designed to generate new sources of money -- with the direct objective of increasing the total amount of money available for residential construction. What we are trying to achieve is a strong and adequate supply of private mortgage capital to fill the needs of the middle income home buyer. To the extent we can do this, government financing can be increasingly applied to areas where private capital is not available or appropriate.

A good deal has already been accomplished.

As a result of amendments to NHA and other legislation -- such as providing measures for the chartered banks to become active in the residential mortgage field, removing the ceiling on NHA mortgages, and introducing the five-year roll-over option - residential mortgages have become a far more attractive investment for private lenders. A measure of the effectiveness of these changes is the \$1.6 billion advanced by private lenders for new houses under NHA in 1971 -- double the comparable commitment made in any previous year.

In the early sixties, the chartered banks were virtually out of the mortgage field. In 1970, they advanced nearly \$500 million for residential mortgages under NHA. In the same period, the trust companies have more than tripled the amount of their funds committed under NHA.

I'm very appreciative of the strong response of these organizations in taking advantage of the new measures. To meet our national housing targets, however, we will have to encourage these organizations to look even more favourably on the residential mortgage field as a valuable investment medium.

As a result of the influx of new private funds to serve middle income buyers, it has been possible for government to direct a greater portion of its housing funding into public housing and similar low-income accommodation in recent years. Since 1968, for example, CMHC has advanced almost \$1.7 billion for public and limited dividend housing projects -- compared to a total of only \$50 million in the whole of the previous decade.

As I stated in the House of Commons a few weeks ago, however, we believe that more can and must be done to attract new private funds into residential mortgages. Or put another way: I am confident that there are abundant financial resources in this country that could be productively placed in residential mortgages -- if we can put housing more nearly on the same basis as other capital investments.

More than \$84 billion of assets are held by such institutions as the life companies, the chartered banks, the trust and loan companies, and trustee pension plans. Significant portions of these funds are perfectly suited to investment in residential mortgages, and under appropriate circumstances are used for that purpose. At the end of 1970, however, only 20 per cent

of the total assets of these institutions were allocated to mortgages in various types of real estate. Indeed, in the last fifteen years, that ratio has only been exceeded on two occasions. Trusteed pension plans are considerably below this ratio, with only nine per cent of their assets committed to real estate mortgages.

Dealing with figures of this magnitude, even a small shift in investment patterns achieves a considerable influx of new funds into residential housing. An increase in the percentage of assets committed by the lending institutions to mortgages of only two per cent would mean an increase in the amount of dollars available in the order of \$1.7 billion. And at 22 per cent of total assets, this would be no higher than the percentage of assets committed to mortgages in 1965 and 1966. If 22 per cent was appropriate in 1965, I see no reason why there should be any difference in 1972.

Perhaps the greatest potential lies in the trusteed pension funds. More than \$500 million would be made available for residential mortgages from a further five per cent of assets placed in this kind of investment. And this would still only mean a commitment of 15 per cent of assets -- compared to over 50 per cent for the life companies and nearly 60 per cent for the trust companies.

Obviously, there are good reasons why much of the potential funding is now invested elsewhere. There are administrative and liquidity problems in managing a mortgage portfolio, problems of investors with

short-term liabilities committing themselves to long-term instruments. There are also difficulties in taking on fixed rate investments in periods of uncertainty about the future movement of interest rates. And, of course, there is the very real difficulty of many investors having insufficient funds to make a mortgage portfolio investment a practical proposition.

To the extent that we can remove or lessen these constraints, we can open up channels for more private money to come into residential mortgages. And this is what the government intends to do.

To this end, we will very soon be introducing legislation to Parliament with the objective of improving the liquidity of residential mortgages, and at the same time, create new financial institutions and instruments to enhance the flow and continuity of mortgage funds. Three new measures are involved.

First, we are proposing a residential mortgage bank which would function as a buyer and seller of residential mortgages. It could also act as a short term lender to private institutions actively trading in mortgages.

The purpose of the mortgage bank is a very simple one. By providing a national focus for trading in mortgages, supplementing existing secondary market operations, we hope to significantly increase the marketability of residential mortgages, and thus, their liquidity as an investment.

Despite a number of private initiatives to develop a viable secondary market for residential mortgages, trading in mortgages has not developed to the levels we might expect. Sales and purchases of NHA mortgages, for example, are at relatively the same levels as they were ten years ago -- and much of the transactions represent transfers to the life company portfolios. We look for the mortgage bank to improve the strength of the existing secondary market.

In practice, any institution holding mortgages that it wants to liquidate will have the option of looking for a private trader, as now, or going through the residential mortgage bank. Conversely, when entering into a mortgage investment, the institution can do so with the full knowledge that a continuing trading facility is available should liquidity become a factor at a later date.

I expect the mortgage bank to add a potent facility to the whole mortgage lending operation. At the very least, it should remove any inhibitions about investing in mortgages for reasons of lack of liquidity.

Secondly, we intend to introduce a new investment medium through the creation of mortgage investment companies to provide better opportunities for individuals and institutional investors to put funds into mortgages. The institutional investors we have in mind are those who find it impractical or undesirable to carry their own portfolio of mortgages.

These mortgage investment companies will operate on much the same lines as the mutual funds and be backed by a similar expert management service. Instead of stock, however, their portfolios will contain mortgage or direct equity investment in real estate. And, again, like the mutual funds, each shareholder will own a portion of the total portfolio corresponding to his own investment.

The major inhibition to this kind of institution under present circumstances is the fact that real estate investments do not qualify for tax conduit treatment. We propose to change this and to make the mortgage investment companies eligible for similar treatment to the mutual funds.

What we are looking for with the mortgage investment companies is an effective vehicle by which people who don't have the specialist knowledge or resources needed, can get into mortgages and real estate investments.

An added advantage of this kind of investment -- which should make it particularly attractive for the smaller investor -- is that it has the security of a diversified portfolio.

I want to make two points about the mortgage investment companies before moving on.

First, these companies will not operate like the savings and loan associations in the United States, which make direct mortgage loans on the basis of funds received from over the counter savings deposits. Indeed,

a closer parallel would be the U.S. real estate investment trusts. The mortgage investment funds will not be empowered to take over the counter deposits, or to make direct mortgage loans. They will simply use the pool of funds made available by shareholders to buy equity in real estate and mortgages made by others -- either through the Mortgage Bank or on the open market.

The second point concerns the question of potentially drawing funds from other areas of the economy. As some commentators have noted, you can only spend a dollar once. If you put it into housing, you can't use it to finance a factory. I want to make it quite clear that we are not setting out to deliberately divert funds into housing at the expense of other economic activity. What we are trying to do -- and I think this is a perfectly valid objective in economic or any other terms -- is to give housing an equal position with other kinds of investment when the investment decisions are made.

This is why we propose to introduce a third measure, a new mortgage instrument -- the variable term mortgage loan -- as a further option for both borrower and lender. Briefly, we are proposing to permit mortgages to be written on the basis of flexible interest rates and terms, in addition to the current practice making loans over a five-year, fixed interest term with a long amortization period, or fixed long term mortgages.

What we are looking at is a means whereby lenders concerned about committing long term funds

in a period of rising rates -- or borrowers who are reluctant to enter into a mortgage transaction when interest rates are high -- can be provided with a systematic and properly safeguarded alternative to the conventional mortgage instrument.

This is a new device and it goes without saying that we will take every care in framing the proposal to ensure that it will be of practical benefit to both borrower and lender -- and clearly reflect the special interests and needs of both parties to the transaction.

I'm not going to try to be a prophet and predict how effective these measures will be in terms of new dollars for housing. In the development of these proposals we drew very heavily on help from the private sector. Indeed, the research group that worked on these proposals included a number of experts from the financial community. In their view -- and the view of other financial people we have consulted -- there is good support within the financial community for measures of this type.

We feel, on the basis of this and of our own research, that the improvement in the flow of private funds into residential development could be substantial. The final decision, of course, will be made by investors in the marketplace. By removing the major constraints -- and placing residential mortgages on a more competitive basis with other investment options -- we are hopeful that the decision will be in

favour of more money for homes. More money through which your industry can make its contribution to resolving the housing situation in Canada.

I can't promise you miracles. But I do see some parallels between the situation at Urban Affairs today and Consumer Affairs four years ago. And you have my promise that I will carry the same level of personal commitment and effort in fulfilling my responsibilities for housing and urban affairs as was the case at Consumer & Corporate Affairs.

There is a building job to be done in terms of the resources -- physical and legislative -- we have at our disposal to deal with the housing situation. And there is an urgent need for coordinated and cohesive national housing policies. I was appointed to get these things done and I hope I can count on your support and co-operation in fulfilling that task.

I think we in Canada are able to develop the kind of policies that will bring a standard of excellence to our urban areas; I think we can avoid the ad-hocery that has been so much a feature of the past. Moreover, I think we have an abundance of talent and resources to eliminate many of the problems that stand in the way of real progress in providing Canadians with the kind of environment they want to live in.

You will find me accessible and a good listener. And very appreciative of record performances in moving toward our common objectives.

Thank you.

"THE RESIDENTIAL MORTGAGE FINANCING ACT"

Notes on
BILL C209
Introduced in the
House of Commons
by
Honourable Ron Basford
Minister of State for Urban Affairs
May 15, 1972



THE RESIDENTIAL MORTGAGE FINANCING ACT

1. INTRODUCTION

Federal Government policies over the last several years have been directed toward generating new sources of money to finance construction of residential property. The purpose has been threefold:

- a) To ensure a strong and adequate supply of private mortgage capital to fill the needs of home buyers of middle and moderate incomes;
- b) To permit Federal Government funds to be increasingly applied to the provision of housing for low income groups and senior citizens, whose needs cannot be filled through free play of market forces;
- c) To reduce where possible the cost of funds for financing residential construction.

The provisions of the Residential Mortgage Financing Act are designed to contribute directly to meeting these objectives by providing new financial mechanisms in the Canadian mortgage market aimed specifically at improving the flow of mortgage funds for the middle and moderate income home buyer.

This will be achieved by enhancing the attractiveness of mortgage investment for financial institutions and pension funds,

and by creating new Mortgage Investment Companies through which the smaller investor can place investment funds into mortgages.

The provisions of the Residential Mortgage Financing Act flow from the recommendations of the Federal Task Force on Housing and Urban Development, and are consistent with the housing recommendations of the Economic Council in its 1969 report on national economic goals.

The effectiveness of the new financial mechanisms in generating new sources of residential mortgage funds will obviously depend on the degree to which private investors respond to them. During the development of these provisions, therefore, consultations were held with the financial community to ensure that the mechanisms were fully appropriate and would be effective in meeting their designed purpose. In addition, the research group that worked on the proposals included a number of experts from the financial community.

There is every indication that meaningful support exists within the Canadian investment community for measures of this type and that the flow of private funds into residential development could be substantial.

And as the needs of middle and moderate income home buyers are more effectively served by the private sector, government financing can be increasingly applied to areas where private capital is not available or appropriate.

The Act in Brief

Purpose:

The Act is intended to encourage and facilitate the investment of more private capital into residential mortgages.

The Need:

To meet the growing demand for housing in Canada, some \$41 billion of capital will be needed over the next decade.

This demand has required, and will continue to require, a heavy commitment of federal government capital funds.

If the demand is going to continue to be met, new money will have to be found -- from the private market.

The Problem:

There have been some constraints on private investment in residential mortgages. Mortgages are not as "liquid" as, for instance, stocks and bonds. They are not so easy to buy and sell, or to divide into shares and larger sums of money are required to achieve a measure of diversity.

Investors are not as familiar with the mortgage market as they are with the market in stocks and bonds.

The Approach:

The Act will create, or help to create, two kinds of institutions to solve some of these problems and to make residential mortgages more nearly as attractive and convenient as other kinds of investments. These institutions will be:

- * The Residential Mortgage Market Corporation
- * Mortgage investment corporations

Residential Mortgage
Market Corporation:

The Residential Mortgage Market Corporation will be a Crown Corporation responsible to the Minister of Finance. It will buy and sell residential mortgages and make loans to private mortgage institutions on residential mortgages, for terms up to one year.

This will make residential mortgages more attractive and convenient by making them more marketable.

Institutions who find they need cash will be able to sell their mortgages to the Corporation, or put them up as security for a loan. Knowing that they can readily convert mortgages to cash if they need it, institutions will be more willing to make this kind of investment.

The Corporation will have ten provisional directors appointed by the Governor in Council.

It will be capitalized at \$100 million, divided into shares of \$10 par value, and will have powers to borrow up to \$300 million.

Mortgage Investment
Corporations:

The Act will amend the Loan Companies Act to permit the creation of a special kind of corporation which will help individuals and institutions to put their funds into mortgages. In some ways it will operate like a mutual fund except that its portfolio will be made up mainly of mortgages and real estate investments, rather than stocks. It will have the same kind of investment expertise and management service as a mutual fund. Each shareholder will own part of the total portfolio corresponding to his own investment. By investing in shares of a mortgage investment corporation the small investor will be able to participate in a large, diversified real estate portfolio.

The corporations will be closely regulated and monitored to ensure that they fulfill their prime purpose -- to channel funds into housing. The proportion of assets which may be -- or must be -- in mortgages, real property, government bonds, cash, real estate companies and marketable securities is specified.

The income of the corporation must be from "passive" investments, that is, it may not

actively conduct a trade or business. It may not take over-the-counter deposits or make direct mortgage loans. (It will not operate like the savings and loan associations in the United States). The Income Tax Act will be amended to regard the mortgage investment corporations as "conduits" for tax purposes -- that is, all income and capital gains distributed to the shareholders within the taxation year, or ninety days after the end of the taxation year, will be exempt from corporate tax. They would be taxed only in the hands of the shareholder. This, in effect, puts the shareholder in the same position with regard to tax as if he had invested directly in mortgages rather than through the mortgage investment corporation.

3. Housing Requirements and Implications for Financing

To keep pace with housing needs of new family formations in Canada, to replace sub-standard dwellings and dwellings lost through demolition, an estimated 2,430,000 new housing units must be produced in the decade ending in 1981.

This target includes all types of housing, from middle income single family units and apartments, to the specialized housing needed for senior citizens, students, and families of low and moderate income.

In terms of financing, this housing program will entail an investment over the decade in excess of \$41 billion. The growing demand for housing is rapidly reaching the point where annual investment in excess of \$5 billion will be required to satisfy the financial needs of residential construction programs, compared to the \$2.7 billion invested in 1968, and \$4.3 billion in 1971.

There is no doubt about the house building industry's capacity to meet the increasing demand for new housing. In recent years new homes have been built in record numbers and 1971 was a year of unprecedented housing construction in Canada. Indications are that 250,000 new houses will be built in Canada in 1972, considerable in excess of the annual target of 236,000 new homes set by the Economic Council.

The major problem is that of financing, in ensuring that adequate financing is available for the construction of new homes in the quantities and types needed. Housing investment funds are available from three broad categories: the major financial institutions; individuals, through downpayments and mortgage investments; and government.

Over the last decade, with a tendency toward lower downpayments, and with private sector financing failing to keep pace with accelerated residential construction, the scale of government financing has increased considerably. During the years 1955 - 1957, for example, government financing of the housing program was in the order of 5 per cent, or about \$70 million per year. By 1970, the Federal Government provided over 21 per cent, or \$600 million to finance the housebuilding program, this figure representing the shortfall between the funds needed and private capital available. These figures relate only to financing of new residential construction where private funds are appropriate and do not include other housing investment needed for existing housing purchases, loans for senior citizen, student and low income housing, land assembly and sewer construction, and so on.

It is in these latter areas that government financing can be most effective in terms of achieving national housing objectives, and since 1968 Federal Government programs have been increasingly oriented to serving the needs of those population groups who would not normally be adequately provided for by the free market.

Since 1968, for example, the Federal Government has directed a greater portion of its housing funds into public housing and similar low-income accomodation. In that period, Central Mortgage and Housing Corporation has advanced almost \$1.7 billion for public and limited dividend housing projects -- compared to a total of only \$50 million in the whole of the previous decade.

Government's ability to continue along this path, however, is related to the ability of the private sector to provide financing for the self-supporting part of the housing market. To the extent that Government funding is not required to make up for shortfalls in private investment in this area, more funds will be available to deal with the social problems surrounding the provision of decent housing for low-income and disadvantaged Canadians.

An additional factor is the cost of mortgage investment. Where demand for mortgage funds runs ahead of supply, interest rates will inevitably remain high, adding to the cost to the individual buying a home. Over the longer run, therefore, encouraging a stronger and increased flow of private funds into residential mortgages will not only contribute directly to the meeting of national housing objectives, but should also have cost implications for all homebuyers.

4. Federal Policy Initiatives To Date

Federal Government participation in the funding of home-building has been largely conducted under the National Housing Act, with its provisions for government insured loans and direct lending programs. Financing under the National Housing Act has totalled more than \$7.4 billion since 1968.

Introduced in 1944, the National Housing Act was initially designed to increase the supply of private mortgage funds for housebuilding and in 1954 was amended to allow the chartered banks and the Quebec savings banks to participate in residential mortgage lending. The 1954 Act provided for a system of insured loans in which the full amount of the loan was supplied by the private lender and, for a fee payable by the borrower, the Federal Government guaranteed repayment.

This new financing arrangement brought a strong response in approved lender participation and in the first full year of operation, loans approved totalled \$600 million -- more than twice the amount authorized in any year under the previous legislation.

In 1966, in the face of heavy demands for long-term investment funds generally, the competitiveness of NHA mortgages was strengthened by permitting the interest rate to fluctuate in relation to changing yields on Government of Canada bonds. The formula provided for an NHA interest rate $1\frac{1}{2}$ per cent above that applicable to Federal securities. In 1967 the formula was amended to allow a full $2\frac{1}{4}$ per cent spread between long-term government bonds and the NHA rate.

In 1969, the Act was again amended to enhance the competitiveness of NHA mortgages by removing the interest rate ceiling entirely and allowed rates for insured mortgages to adjust in accordance with market conditions.

Regulations under the Act were also amended to provide borrowers and lenders an alternative to the current fixed interest rate mortgage by authorizing mortgages written with a minimum five-year term but with repayments based on an amortization period of at least 25 years.

In 1971, for all practical purposes the first full year of operation under these amendments, private mortgage lending under NHA totalled \$1.6 billion for new housing alone. This was twice the volume of any previous year and brought the total of loans insured under the 1954 Act to more than \$8.8 billion.

5. The Residential Mortgage Market Corporation

The residential Mortgage Market Corporation is a federally sponsored mortgage trading facility charged with the responsibility of developing an effective private secondary market for residential mortgages. The Corporation will also be authorized to act as a short term lender against the security of mortgages.

The purpose of the RMHC is to encourage institutional investors to increase their investment in residential mortgages loans by providing a new mechanism to enhance the liquidity of residential mortgages as an investment instrument.

Lack of marketability is recognized as one of the major factors inhibiting residential mortgage investing. Unlike other investment opportunities open to financial institutions and trustee pension funds, residential mortgages cannot be easily or quickly traded and this is considered an important impediment to investors concerned with liquidity of their portfolios.

At present, an investor holding residential mortgages has recourse to a very limited secondary market for mortgages conducted by a few private organizations, or can search for a buyer privately. Neither avenue provides the facility or the certainty needed by many institutional investors. The RMHC will remove this impediment by providing a national focus for the buying and selling of residential mortgages.

In practice, any institution holding residential mortgages it wants to liquidate will have the option of looking for a private trader, as

at present, or trading through the RMMC. Conversely, when entering into a residential mortgage transaction, the institution can do so with full knowledge that a continuing trading facility is available should liquidity become a factor at a later date.

The Residential Mortgage Market Corporation will be a Crown Corporation responsible to the Minister of Finance. It will be subject to the Loan Companies Act, which provides for supervision by the Superintendent of Insurance.

On incorporation, the Federal Government will be the sole shareholder and the corporation will be administered by a board of ten directors appointed by the Governor-in-Council.

RMMC will have access to \$400 million in financing -- \$100 million invested directly by the Federal Government in shares of the Corporation, and a further \$300 million in loans. Approximately \$200 million of the loans will be in the form of a diversified package of mortgages now held by Central Mortgage and Housing Corporation to provide the corporation with an immediate trading base on commencement of operations.

Subject to the approval of the Governor-in-Council, RMMC will be able to increase its debt above the \$300 million limit.

A portion of the \$100 million in available equity capital will be used for lending activities of the corporation. These loans will be made to active mortgage traders, will be short-term in nature and will be secured by mortgages on residential properties.

In operation, RMMC will not attempt direct market intervention with the aim of stabilizing either the price or supply of mortgage funds. Its selling activities will involve processing mortgages into packages suitable for institutional portfolios. Buying prices will be determined by the demand for and supply of mortgages in the secondary market. RMMC will buy and sell mortgages at a small spread and will have an earning potential from mortgages in its own portfolio.

It is anticipated that the Residential Mortgage Market Corporation will provide the necessary impetus to develop an efficient and well-functioning secondary market and ultimately, to lead to a fully integrated mortgage market by improving the ability of the mortgage sector to compete for funds in the capital markets.

6. Mortgage Investment Companies

The mortgage investment companies provided for under the Residential Mortgage Financing Act are a new form of financial institution in Canada, designed expressly to make investment in residential mortgages and real estate more accessible to the smaller investor.

Under present circumstances it is extremely difficult for smaller investors, with limited expertise in the area, to invest in residential mortgages and real estate. It is legally and administratively cumbersome to split mortgages and real estate investments in such a way that investors become owners of separate divided interests, as is the case with investments in securities through mutual funds.

The purpose of the mortgage investment companies is to provide the smaller investor with opportunities to invest in mortgages and real estate on much the same lines as the mutual funds, that is, backed by expert management service and the security of a diversified portfolio.

The intent of the legislation is to provide the smaller investor with the same advantages he would have were he able to invest directly in mortgages and real estate on his own behalf and, in effect, to put him on the same footing as his larger counterparts. To make this possible, the legislation proposes tax conduit treatment for the mortgage investment companies. In practice this means that earnings on the pooled investment of the shareholders of mortgage investment companies will be treated for tax

purposes as though the investment had been made directly, and thus, would be taxed at personal rates of the individual shareholder. The tax conduit treatment will only be available for earnings passed through to shareholders.

In essence, the mortgage investment companies will have virtually the same status as mutual funds in securities.

In exchange for the tax conduit treatment, mortgage investment companies will be required to derive income from passive investment and not from the active conduct of a trade or business, such as property development or direct development financing.

A mortgage investment company would normally invest the majority of its assets in mortgages and rental properties, and generally, would use independent advisors to determine the most appropriate investment choices and to manage properties.

Mortgage investment companies will be authorized to make both residential and non-residential real estate debt and equity investments, subject to a large minimum housing component in the overall distribution of assets. Non-residential real estate investment is permitted to provide investors with greater diversification and growth potential.

The shares of mortgage investment companies will be freely transferable through a stock exchange or over the counter, and shareholders will have the same rights to vote on the appointment of directors and advisors, advisors fees, auditors and dividends, as other limited

companies. The companies will also be subject to corporation law with respect to such matters as limited liability and disclosure, and will observe regulations of stock exchanges and securities commissions.

The following regulations are contained in the Residential Mortgage Financing Act with respect to mortgage investment companies:

- a) Conduit Tax Treatment -- Distributed income would be taxed only in the hands of shareholders; undistributed income would be taxed at full corporate rates.
- b) Composition of Assets -- A minimum of 85 per cent of assets must be in the form of mortgages eligible for investment under the Canadian and British Insurance Companies Act, real property, government bonds and cash. The balance of assets may be in other passive investments in real estate or marketable securities.
- c) Investment constraints -- All investments must be restricted to Canada and after three years of operation, at least 2/3 of assets must be in the form of housing. Further requirements are that at least 40 per cent of assets must be in the form of residential mortgages and that real estate assets must not exceed 25 per cent of total assets.

- d) Liabilities -- The total amount of debt of a mortgage investment company is restricted to three times its equity.
- e) Income -- Income must be distributed at least annually.

Mortgage investment companies may be either federally or provincially incorporated. Federally incorporated companies will be governed by the Loan Companies Act, which is amended by the Residential Mortgage Financing Act to accommodate these new institutions in relevant sections.

For Release: 7:30 PM E.S.T.
May 24, 1972.

ADDRESS BY
THE HON. RON BASFORD
MINISTER OF STATE FOR URBAN AFFAIRS
TO THE 35TH ANNUAL CONFERENCE
CANADIAN FEDERATION OF MAYORS AND MUNICIPALITIES
CHATEAU FRONTENAC, QUEBEC CITY

On behalf of the Federal Government, I would like to formally welcome you to this evening's activities and to say how much we appreciate this opportunity to be host to so many of Canada's municipal government representatives. Before I left Ottawa this morning, the Prime Minister Mr. Trudeau, asked me to convey his greetings and best wishes for the success of your conference.

This is the first opportunity I have had to attend one of your conferences but from what I have seen today and in following the press coverage, obviously this 35th conference is an unqualified success. Congratulations are certainly due to all those who have been concerned with making it so.

I should also congratulate you on selecting Quebec City as the site for your deliberations. With the expert guidance of Mayor Lamontagne, I spent an extremely enjoyable time this afternoon looking at some of the many beautiful and interesting aspects of the city. Coming from Vancouver, it is sometimes a little difficult for me to recognize that other cities have any special virtues. But I can say with all sincerity, that we are indeed fortunate as Canadians to have a city with the very special charm and beauty that is all around us here in Quebec City.

CFMM has always played an important role in the life of this country ... and it is no overstatement to say that your representations have always been positive and welcome.

In great measure, this is because you have had men of the calibre and persuasiveness of Marcel D'Amour, and Mayor Des Newman as your spokesmen. It has been a distinct personal pleasure and a privilege to work with Mayor D'Amour over the past few months. Your new President has a big year ahead of him and I am looking forward to working with him. You have my

assurance that I will try to be as helpful as I can in my particular responsibilities, in making it another year of accomplishment for CFMM.

Since my appointment as the Federal Minister responsible for housing and urban affairs, I have read the various positions taken by CFMM on important issues. I paid particular attention to your annual presentation to government a few weeks ago, and I can tell you that I will give very careful consideration to positions taken at this conference ... insofar as they relate to the Federal Government and the role of my Ministry.

Until Mr. Trudeau's announcement last week, I had difficulty in knowing whether I would be talking in the context of an election campaign. As practical politicians, you can appreciate that this has a fundamental effect on the approach one takes in a speech. Mr. Trudeau has solved that for me, but more importantly, has ensured that there will be Parliamentary time for me to move ahead with dispatch on a number of pieces of legislation that will have considerable significance to many of you -- and the people you represent.

Over the past several years, we have had a series of studies and task force reports. As a consequence, we now have the basic knowledge and appreciation of the issues we previously lacked. We now have a much clearer and documented view of what needs to be done. So far as I am concerned, we are now at the stage where these things must be translated into action.

In the next few weeks, I am hopeful that Parliament will deal with the new Financial Mechanisms legislation -- new proposals I introduced recently designed to attract more private funds into housing and to deal more directly with the housing needs of Canadians of middle and moderate incomes.

In the very near future I expect to introduce amendments to the National Housing Act which, among other things, will contain

measures to replace the old Urban Renewal Program. As you know, we cancelled that program in 1969 because -- as it was developing -- it wasn't fulfilling the government's initial intentions and objectives.

I recognize, however, that cancelling new projects under the program created difficulties for many of you. The job of revitalizing and restoring our cities must go on. And it is therefore urgent that programs be developed to replace it.

I am pleased to be able to tell you that we are now very close to bringing in new proposals for this purpose.

As forecast in the Throne Speech, we must move ahead with a major and concerted attack on the problems of the inner city. Our plans call for new approaches to the question of urban improvement in Canada.

Our first objective is to conserve and improve neighbourhoods in need of upgrading. But, in contrast to past programs, our proposals call for this to be done in a way that preserves -- so far as is possible -- the neighbourhood features that give our cities character and atmosphere.

Second, we will be concerned with improving the overall quality of living for the people who inhabit the renewal areas. Housing is obviously the prime consideration. But to make the cities the kinds of places we all want to see, we must move beyond housing -- to provide for the related amenities and facilities that are essential in building a complete community environment and identity.

We propose to work more rapidly toward our goals of supplying all Canadians with decent housing and bringing new life to rundown neighbourhoods, through important and potentially far-reaching new initiatives:

- new initiatives to provide a system of federal grants and loans covering the major portion of the cost of

improving urban residential areas.

- new initiatives that will enhance our ability to deal more effectively with the housing problems faced by Canadian families of low and moderate income ... and to bring home ownership within the reach of more Canadians of all income groups.
- new initiatives to give the provinces and their municipalities greater flexibility and scope in urban improvement programs.

Consultation

Now, Ladies and Gentlemen, these are the principles of some important federal activity that is planned to restore new life and dignity to many neighbourhoods of Canada. But you should note that we are not simply bringing this legislation to Parliament, hatched in our own federal incubators. We have discussed its principles and its details widely with the provinces. And, through the provinces, we have discussed them with you. I have had teams from Central Mortgage and Housing Corporation and the Urban Affairs Ministry visit all the provinces to discuss our legislative plans. I have suggested to the provinces that the municipalities be represented at such discussions. In most instances, the municipalities were represented. Now, I can only suggest. I must, and I will work in such and all instances only through the provinces, which have jurisdiction over the municipalities. But the response has been such --- in this instance and in others --- that I do believe we are moving into an era of easier acceptance that municipalities have a role in discussions of urban matters that affect them.

Bilateral

That is one kind of federal-provincial-municipal

consultation, Ladies and Gentlemen. It is effective bilateral consultation focussed on specific programmes or policy proposals, to get specific and immediate jobs done, nationally or in a particular city or region. It is consultation that can be carried out nationally or with a single province together with one of more of its municipalities. That kind of consultation is underway now, and you have my assurance that as policy proposals are developed in future the provinces and you through the provinces will be consulted.

In addition to this consultation on policy proposals and programmes, the Urban Affairs Ministry is developing specific tri-partite committees with the provinces and their major cities. The job of these groups is to work out hard, actual, on-the-ground projects that can be pursued together to improve the urban environment. This is bilateral consultation focussed on specific projects.

National Tri-level

There is another form of national consultation emerging in this country.....and I believe it to be vitally important.

There is a sense at this conference of a breakthrough having been made.....of a century of working political tradition having been overcome.....of the municipalities being admitted to the table of discussions on major urban matters.

I am speaking of the likelihood of a national tri-level consultation on urban issues in Toronto in mid-November. It was an important and happy day last week, when Mayor D'Amour and the Ontario Minister of Intergovernmental Affairs, Mr. D'Arcy McKeogh, and I, were able to make that announcement.

We at the federal level have been pursuing this historic meeting for more than two years. You, the CFMM, have specifically pressed for it many times. It is what my predecessor, Bob Andras,

discussed with you at your annual conferences in 1969 and 1970----with support from the Prime Minister. I reaffirmed the federal support and search for such a meeting when your officers presented their annual brief to Cabinet just recently. And the provinces have exhibited welcome support for this meeting, through their First Ministers and through Mr. McKeogh of Ontario, who represented the provinces in the planning for this meeting.

These national consultations, Ladies and Gentlemen, can be an historic beginning of entirely new and more cooperative ways of discussing between three levels of government the main urban issues of today: from those discussions, policy areas will emerge for development and for decision-taking according to the jurisdictions and priorities of the various levels of government. There may well be later coordination and cooperation in action, in implementation of policy, but it will be coordination and action based on decisions taken by the responsible levels of government. This tri-level meeting in November can be the start of new machinery for defining and discussing and sharing information about urban public policy in Canada. It can only be---and I must insist upon this---one instrument in a process of consultation and coordination of effort that has several parts. It must not and will not take over established powers of anyone, or make decisions in place of those who make decisions now.

Let me be clear about the federal view of the goals of this November meeting. The overriding goal is that there be more of them. The goal is that the meeting be the first of many between the three levels of government on the broad and general urban policy issues of major moment. The goal is to set up effective and realistic machinery so that municipal, provincial and federal people, wrestling with the urban problems of today, can first define and mutually understand these problems, and then discuss how best they may be tackled.

I want to be clear that it is our view that the goals are, again: (a) to set up continuing, effective and realistic machinery, and (b) for that machinery to discuss and define, to study and debate, to be a most effective national forum. To be effective and realistic, it can not be more than a forum. It can not make decisions, nor policy. To seek for more than that would be to endanger the goal of having more national tri-level consultations.

A forum to which the municipalities have access is not a little thing. It is an important addition, another dimension, to the normal processes of federal-provincial and provincial-municipal relations. It is a national meeting place, an opportunity to persuade and influence and debate. It does not bend or short-circuit the constitution. National tri-level consultations are not a means of circumventing the rights and responsibilities of any level of government.

I am in full agreement on that point with Mr. Tessier, the Minister for Municipal Affairs of Quebec, who spoke to you on Monday. And it is not just a Quebec and federal view. You will find that view expressed in every province. I am very happy that Mr. Tessier told you that Quebec will attend that conference, and that Quebec recognises such national talks are urgent to examine the role and the responsibility of each level of government in combatting the urban problems which are crowding in upon us with ever-increasing force. This is precisely the view and the welcome response that has been received from the other provincial governments. There never has been the opportunity to attack the nature and the scale of urban problems in such totality-----as anything but piecemeal and isolated problems. This is our opportunity our continuing opportunity.

As Mr. Tessier has said to you, the three levels of government must take every step they can to reach the best coordination of their actions. The message is one that we all

now recognise: no one level of government can go it alone. We need to make the most disciplined and effective use of Canada's human and material resources, avoiding the duplication, waste, conflict and counter-effectiveness----the sheer lack of long-range planning----that is too much the case today. We need in effect, a forum to rationalise diverse interests, through defining what the important urban problems really are.

The first national meeting will start with an overview of the problems and challenges facing urban Canada. The Urban Affairs Ministry will make its contribution as the federal agency charged with a policy-developing, policy-assessing and a policy-coordinating role for federal programmes as they affect urban areas. Of course, and this is the real benefit of tri-level discussions, we will be coming at our views of the urban scene from three vantage points. The municipalities of Canada will state the view from their level----and I am sure you will come to that conference well-briefed, well-prepared and with some unity of position. The provinces, certainly, will have their considered views. From all this, we will have made the first step toward the development of mutually supportive policies-----and that is the essence of tri-level consultation.

Ladies and Gentlemen, that is the national tri-level consultation process as I see it today.

Ladies and Gentlemen, we will have come a long way at the November meeting simply by bringing the three levels of government together to talk about the same things, to share basic ideas on what the key issues are, to discuss and develop cooperative approaches to meeting those issues.

We will be talking at the tri-level meeting about the Canada we can build with imagination, resolve and constructive cooperation. That is the objective, and the course for action. I, for one, am ready for that action.

Remarks by the Hon. Ron Basford

Minister of State
for Urban Affairs

Discours de l'honorable Ron Basford

ministre d'État
chargé des
Affaires urbaines

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CANADIAN REAL ESTATE ASSOCIATION
VANCOUVER, B.C.

OCTOBER 3, 1972

With a captive audience of people from the real estate and property management fields, this is a perfect opportunity for me to talk about a subject close to all our hearts ... Canadian housing. More specifically, I would like to use our time today to talk a little about what the federal government is doing about housing.

I think few here will disagree when I say that the federal government's approach to housing has undergone a dramatic transformation over the past four years. And to an important degree, this has been reflected in Canadian housing results.

As you well know, we have been and are building houses in record numbers. Most significantly, we are building new homes at a rate far exceeding the rate of family formation, and well ahead of the housing production targets set by the Economic Council of Canada in 1969. By the end of this year, we will have produced almost one million new homes since 1968 -- which puts us a full year ahead of the Economic Council's estimates of what is needed.

One of the major reasons for this is the unprecedented level of government financing made available since 1968. Four years ago, the federal housing budget was just over \$300 million per year. Our annual budget for this year is more than three times as much at close to \$1 billion per year.

A little over ten years ago, the federal government financed about five per cent of the national housing program; today the federal government accounts for well over 20 per cent.

Prior to 1968 -- and I make no apologies for the significance of that date -- financing for low income housing represented a very small percentage of the federal housing budget. Today, approximately 85 per cent of federal housing funds go into low income and senior citizen housing.

These figures serve to illustrate not only our record in housing, but also the directions we will be following in the future. And it is those directions I want to talk about today.

The starting point for federal housing policies is the principle I have stated on several occasions: that housing is a fundamental right of every Canadian. Recognition of that principle means that government must utilize available resources to enforce the right. And it means that government must set out and work toward goals that help to make the right to housing enforceable.

We have four major goals we want to see reached in Canada.

First, we want to ensure a proper availability of housing. This means producing sufficient new housing to meet growing population demands and, at the same time, rehabilitating existing older homes to keep them in the housing stock.

Second, we want to assure that all Canadians, regardless of their income or geographical circumstances, have access to decent housing at a reasonable cost.

Third, we want to maintain a high quality housing stock. And I'm thinking in terms of the quality of housing we produce for specific income and population groups, as well as the standard of performance of individual homes.

Fourth, we have to intensify and expand government action to resolve the housing problems of the poor, the aged, our native population, and other groups not adequately served by the free housing market.

Let's look at those goals in practical terms.

First, we have to make certain that the estimated \$5 billion that will soon be needed to provide for the average Canadian homebuyer is available. The new legislation I introduced in the spring, creating new financial institutions in the residential mortgage field, is intended to have an effect here. These measures should serve to attract new private funds into mortgages.

We have also made a number of changes in National Housing Act regulations to make insured loans a more attractive and competitive investment.

At the level of the homebuyer, we have introduced a number of measures to make mortgage financing more accessible. A few weeks ago, for example, I announced an increase in the NHA lending ceilings, which has the effect of considerably lowering downpayment requirements. We also liberalized the NHA income requirements, in particular, to allow all of a wife's income to be considered in family income.

A further step I propose to take is to look at the performance of the NHA approved lenders. We want to make certain that NHA insured loans are generally available through approved lenders in all parts of the country, as they are supposed to be.

I was surprised when these measures were criticized because they help only people in the middle income groups. The whole point of these measures is to help the middle income homebuyer, who surely needs and deserves help as much as anyone else. And surely, the average Canadian has every right to have his particular needs looked after in national housing policies.

What these critics seem to overlook is that only by taking steps to see that the average Canadian is properly looked after in the free market, can government direct more of its attention to the problems of other sectors of the population.

It is because we start from a relatively healthy housing foundation in this country that we are able to deal effectively with the outstanding problem areas. It is because most Canadians are properly housed that we can think in terms of helping those people who are not.

We have an unparalleled opportunity to meet all our housing goals because, unlike many other countries, we don't have to spend all our efforts just keeping pace with growing housing demands.

We are fortunate in this country to have some of the best housing in the world. But we also have some of the worst. We have people living under conditions that are deplorable. And totally unacceptable in a country with the resources Canada has.

Far too many of our poor and elderly live in delapidated and substandard housing -- often without the most basic of amenities -- in rundown and unhealthy downtown districts. I have seen the tar-paper shacks that pass for houses in some of our remote and native communities.

As a member of government, and as a Canadian, I have been shocked by some of the housing conditions I have seen. And I am determined, as the government is determined, to eliminate this kind of thing from the Canadian scene.

New programs I introduced to Parliament in June, will help us make an effective start on that job. In effect, with these programs we are trying something new in Canada. We are going to try to breath new life into our downtown residential communities. To make it possible, through federal financing, to rehabilitate the homes in these areas, making them liveable and comfortable. Instead of bulldozing the districts down, we are going to try to bring back a sense of community, conserving their neighbourhood characters, and giving them the social and recreational facilities that will make them live and vibrant communities again.

We are going to make it possible for people of low income to get back into the mainstream of society, by helping them to become self-supporting home-owners, as an alternative to lifetime subsidization in public housing.

We have brought in new programs to give more effective help and financing for cooperatives and non-profit housing organizations providing special accomodation for senior citizens, I have seen many fine examples of what these organizations can achieve on behalf of our senior citizens, and I intend to ensure that government gives them all the encouragement and assistance possible.

These are important and far-reaching proposals. They have been welcomed by a wide number of housing and social welfare groups as important steps in the right direction ... as effective measures to come to grips with some of our most severe housing problems.

I think one point has to be made very clear. Our proposals are not simply campaign promises or slogans. They are firm legislative proposals, contained in legislation already introduced into Parliament as government policy.

These proposals will be dealt with as a matter of first priority at the next session Parliament. They will be in force in 1973 and at work doing the job they were designed for. That is the commitment of the government. It is my commitment. And it is the personal commitment of the Prime Minister.

These proposals represent the central thrust of our housing policies. But they are by no means all we will be doing.

We have to be concerned with the unacceptable high cost of housing and take effective steps to combat it.

The cost of residential land, in particular, is becoming a matter of increasing urgency. Indeed, this is one of the reasons we introduced new financial help for municipalities in June of this year -- legislation providing federal grants and other financing for municipalities wanting to get into residential landbanking.

We have to deal more effectively with land speculation. Perhaps by making it less profitable to engage in speculative activities that artificially inflate the price of land or hinder residential development.

We have to deal with the question of the cost of serviced lots. Municipal finance is one of the considerations here and this will be examined at the upcoming conference between the federal, provincial and municipal levels of government. So far as the federal role is concerned, last March I asked for a review of the ten-year old sewage assistance program with a view to bringing in more effective legislation in 1973.

The federal government is sponsoring research into sewage treatment technology and into new building techniques, including the financing of high-risk, innovative housing projects -- all avenues with potential for reducing the cost of housing.

With my previous background in Consumer and Corporate Affairs, it should perhaps come as no surprise to you that I am also concerned that the homebuyer gets what he pays for.

It has always seemed a little inconsistent to me that you can get all kinds of warranties and guarantees when you buy a \$20 steam iron, or a car. But when you buy a house -- the largest and most complex purchase any individual makes -- you are entirely on your own.

Most people, I know, get full satisfaction from the homes they buy. And I think it fair to say that the Canadian homebuilding industry is probably the finest in the world in terms of quality of workmanship and standard of performance. But there is always an element of risk that the contractor or subcontractor may go out of business, or is one of the few fringe operators whose standards are below those of the industry.

In my opinion, that risk should not be placed entirely on the consumer, as it is now. And one of my earliest steps will be to complete the work now in progress and institute a national system of new home warranties.

The final point I want to make concerns the federal government's housing agency, Central Mortgage and Housing Corporation. Over the years, CMHC has performed a most essential function. More than three million homes have been built under the policies it has administered. And its officers and staff, by my experience are loyal, dedicated, and hard-working public servants.

As you know, in recent months CMHC has come in for a certain amount of criticism, much of it flowing from the extraordinary demands placed on the administrative structure by the dramatic change in government policy. CMHC was not conceived as, nor structured to be an instrument of social policy. Yet that is the need.

To enable the organization to function as a social policy instrument -- rather than solely as a government mortgage agency -- a major management study of CMHC has been in progress throughout this year. This study is now completed. The Board of Directors is to come forward with recommendations during the next few weeks on major changes in both structure and the function of CMHC.

To coincide with the opportunities being presented by the re-organization, and the fact that there are and will be vacancies at senior levels of the corporation because of retirements, I have retained a firm of management consultants to conduct a search and to advise me of the suitable people available, including from within the Corporation. Specifically, the consultants will be assisting us in a search for a new president, to be appointed upon Mr. Hignett's retirement, and Senior officers, according to terms of reference based on the new role of the Corporation.

CMHC will play an important role in implementing the policies called for by the new directions being pursued by the federal government in housing. It is a job that calls for the very best people and organization. And the government is determined to ensure it has both.

I have covered a lot of ground in a relatively short space of time. But to me, that serves to illustrate the complexity and scope of the housing problem. It also illustrates how broad and multi-dimensioned government's housing programs and policies must be.

None of our measures -- whether it be a new homebuyer's warranty system, the programs we have introduced to deal with the special needs of low income Canadians, or the policies we have implemented to help Canadians in the middle-income groups -- none of the measures can or should be regarded in isolation. Each has a role to play and a contribution to make as an integral part of government's efforts and determination to meet our housing goals.

We have achieved a great deal in four years. Our policies for the future should lead to even greater achievement.

But I don't want to create the impression we are complacent about the housing situation. We are not. While much has been done, there is still a big job ahead.

We must do much more in providing special accommodation and facilities for our senior citizens. We must do much more in eliminating the substandard conditions too many people of modest means live under. We must do much more to revitalize and restore our downtown neighbourhoods. We must do much more to meet the needs of northern and remote communities, and the severe housing problems of our native population. And we must do much more to ensure that the average Canadian -- the families in the middle-income groups -- are properly served with good, appropriate housing at a reasonable cost.

These are our housing goals: and it is through these goals we will be working to achieve the excellence in housing this country is capable of.

Remarks by
the

Hon. Ron Basford

Discours de
l'honorable

Ron Basford

Minister of State
for Urban Affairs

ministre d'État
chargé des
Affaires urbaines

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ANNUAL CONFERENCE
HOUSING AND URBAN DEVELOPMENT ASSOCIATION OF CANADA
TORONTO, ONTARIO

JANUARY 29, 1973



Ministry of State
Urban Affairs Canada

Ministère d'État
Affaires urbaines Canada

Central Mortgage
and Housing
Corporation

Société centrale
d'hypothèques
et de logement

National
Capital
Commission

Commission
de la Capitale
Nationale

I would like to say a few words concerning my belief of what Canadian Housing Policy -- Federal Housing Policy -- is, and what we are going to do to realize these goals. In the last six months I have said many times that I see it as a fundamental right of every Canadian to be well-housed at a cost he can afford, in a healthy and satisfying environment. This is not a goal that can be accomplished by the Federal Government alone, or by any government. It will demand the marshalling of all our skills and resources -- at every level of government and in every walk of life including homebuilders. Governments can create good policies, and good tools -- fiscal tools, and planning tools -- so that builders can go ahead and build good houses with a minimum of delay and red tape.

I am appealing to home builders to help in this important enterprise. You have had I know, a long, and usually happy relationship with C.M.H.C. and I know your efforts have been the source of housing performance in Canada.

Since I have been housing minister for one year I want to report to you on a number of important events.

You are aware, for instance, that during the last year we, in Canada, have been able to maintain and extend our record-breaking performance in house production.

There were some 250,000 starts in 1972, exceeding the record established in 1971.

I know that gross numbers are not the only test of performance, but I also know that if we did not have a record year, if house production were down, that the politicians and the critics would all be screaming for my head and yours. Numbers are important.

We have continued and re-emphasised the federal government's concern with housing for low-income people to the point where more than 80 per cent of C.M.H.C.'s billion dollar budget was allocated to price-controlled housing programmes.

This commitment to about 45,000 new units of price-controlled housing for moderate-income people, and especially more housing for senior citizens, will continue until we are sure that all Canadians -- no matter what their income or social circumstance -- have access to decent housing.

Another accomplishment of the past year was the holding of the first National Tri-Level meeting here in Toronto in November where representatives of the federal, provincial and municipal governments met to discuss urban affairs.

To my mind, this represents a real break-through in our approach to the urgent needs of our urban municipalities, and the beginning of a new era of co-ordinated and co-operative inter-governmental action in dealing with urban problems.

During the past year the Ministry of State for Urban Affairs has been more firmly established within the federal

government and our efforts to bring a whole new style of bringing governments together to plan better, cut duplication, cut waste, and to bring some common-sense planning -- some thought for the future -- to what governments and the private sector are doing in the cities are beginning to bear fruit.

Certainly, the action groups that have been set up -- or are being set up -- with provinces and individual cities to develop projects that enhance the urban scene in each place -- from revitalizing communities to re-locating railways, to urban and regional planning to integrate harbour and transportation improvement programs -- will begin to have some influence.

In all of these cases, the new fact is that there is a focus of effort, an institution playing the broker's role bringing together the resources of three levels of government -- and the very real efforts of private industry -- to create the best possible over-all urban impact. No-one gains, and in fact, private citizens and private businesses lose when the programs of various levels of government are competing unnecessarily in objectives or priorities or have unco-ordinated policies or programs -- sometimes working at cross-purposes.

Last week, there was a federal-provincial conference on housing -- the first one in more than five years -- and I want to report to you that there was less difference of opinion and more solid agreement than perhaps was reported in the media.

My own impression of the conference is that, in the short period of two days, we discovered a remarkable degree of common understanding. One press report of the meeting said that all of the groups represented there -- the federal government -- the provinces -- and the municipal representatives in provincial delegations -- felt in the end that they had won. I don't see it as a winning or losing situation but, still, if all of the participants felt they had gained something, then I suppose that is one criteria of an excellent conference.

Very early in the conference it was apparent that there was general agreement with the proposition that I advanced in my opening statement that there was an urgent need for better, more open, more systematic consultation among all levels of government on policy, programs and operational relationships in housing and urban affairs. We agreed, also, that all of the governments have roles to play in improving housing and community life. Within these roles we are determined to see that enough flexibility exists to allow provinces and municipalities to respond to the special needs and preferences of their people and their region.

At the same time -- as I had occasion to say during the conference -- it should not be forgotten that the federal government has very real responsibilities to the country as a whole in housing policy -- within its proper sphere of jurisdiction, of course.

In the areas of housing and urban affairs -- as in many other areas -- the federal government has national objectives to pursue which have nation-wide implications for the social, cultural, and economic well-being of all Canada and which, in fact, make a major contribution toward the unity of this country. We will have an opportunity of debating these when the National Housing Act is amended.

One very important and tangible result of the federal-provincial conference on housing -- in the short run, at least -- was the general support of the provincial housing ministers for proposals to amend the National Housing Act which I will be introducing in Parliament tomorrow.

The legislation will bear some resemblance to the Bill I introduced last June, but there will be significant changes.

Included will be:

- federal help and leadership in the creation of new communities and in land assembly;
- a wider range of programs for low-income housing;
- a program for the repair and rehabilitation of existing housing;
- a program to enhance and preserve urban neighbourhoods which are threatened with decay;

- new and generous provisions to encourage non-profit co-operative housing;
- new amendment relating to innovative and development schemes. In my view we should be able to support the lead-edge of housing ideas;
- provisions to allow, first, the Mortgage Insurance Fund to complete unfinished houses and, second, to grant mortgages pursuant to a warranty scheme about which there has been long discussion between you and C.M.H.C.

Prior to the introduction of the last Bill, extensive consultation took place with the provinces, and in the months since introduction, there have been many suggestions from, and discussions with, home builders such as yourselves, interested citizens, and public-spirited groups. Following another round of discussions with the provinces, new proposals were presented to Cabinet and were accepted. I appreciate the time and the thought all of you have spent in reviewing that legislation and in giving me the benefit of your experience and advice. I can assure you that the new legislation will be dealt with as an important priority item by Parliament. And I would hope that it could be adopted and in force by Spring.

But the Housing Conference also had long-run implications and I was pleased to see that the ministers agreed to take joint

action in a number of areas. First of all, to establish a common base for the measurement of housing needs in Canada, I announced that C.M.H.C. would devote \$1.5 million to studies of national, regional and local housing needs on the physical, social and cultural planes, to supplement last year's census results.

This will provide all of us with a sound base from which to assess whether we are collectively -- governments and housebuilders -- putting sufficient resources to work to meet Canada's housing problem, and how these resources should be distributed. It is an essential first step against which to continually test the validity of housing policy.

Second, the proposal that housing ministers meet annually prior to the formulation of housing budgets, to agree on new forward commitments, to consider policy, and consult on future action.

Third, there was an agreement -- barring emergencies -- to three-year forward budget commitments to the provinces by the federal government, and by the provinces themselves of the amounts and classes of funds by program which will be available for housing purposes. This is a most significant innovation, since it provides provinces -- and the building industry -- with the assurance needed to begin to plan ahead and organize budgets and priorities efficiently.

It will increase the flexibility available to provinces

in re-allocating funds among programs since they will be able to effect two allocations within three-year budget horizons.

Most important, it will afford both sides a longer period over which to seek to harmonize their respective priorities and objectives.

Fourthly, I announced that the level of funding provided through the capital budget of C.M.H.C. will be maintained so that the federal housing program for the next few years will be in the order of at least \$1 billion per year. The significance of this, of course, is that despite the ups and downs of the economy -- and the mortgage money available from the private sector -- that those in society least able to compete on the private market will be protected, and that the programs of social housing will be maintained.

The point of the Housing Conference and the important results of it are that as a beginning we, as housing ministers, are trying to set a more rational way of establishing housing policy in Canada and administering it. As I said at the beginning, we all lose by governments not having agreed upon priorities and objectives. I think in the last week we have come a long way in finding agreement.

I would like to end by speaking to you of one final outcome of the federal-provincial conference -- to which I attach the highest priority -- and which is the homebuilders biggest

problem. It has to do with the subject of land -- land upon which each of you depend to build houses -- and which is a matter of concern to all Canadians and their governments.

First of all, there are urgent pressures which need to be countered on an urgent and co-ordinated basis. The price of urban land in Canada is rising at an unacceptably rapid rate. In the last few years the rate of increase has been:

- 8% on a national average, and
- 12% in metropolitan areas.

Some cities, such as Toronto, Vancouver, Sudbury, and Ottawa, are experiencing even higher rates of increase. Urban land prices are, in many areas, rising much faster than other prices. Between 1961 and 1971:

- the consumer price index rose by 33%;
- the construction cost index rose by 46%;
- but land costs rose by 88%.

This more rapid rate of land price increases, affects the housing picture. Fewer people are able to afford home ownership. More row-housing and apartments are being built to economize on land while lot-sizes and floor areas tend to be reduced.

The question of the cost to the individual citizen of owning land or using land to house himself, and the question of the distribution of ownership of land between individuals of differing income levels, and between those individual citizens

and land owning and development corporations, the question of the amounts of land governments hold and make available for the common use -- all these affect in a very real and direct way the quality of life and economic well-being of Canadians.

The second point I would make is that we are facing a radically different order of problem in the provision of sufficient service to urban land: our projections indicate that with present policies by the year 2000, urban population will have doubled. Most of the growth will be concentrated in the 19 major metropolitan areas. To accommodate this growth will require the development of over 200,000 acres of residential land in these centres within the next 15 years. If the accompanying demand for other urban uses is added, the requirement for new urban space is in the order of almost half a million acres. Neither the federal government nor any provincial government, nor any municipality in Canada has yet moved very far in the development of a comprehensive policy to meet or manage this problem. And this unconstrained future is a frightening one for those of us who are concerned with the longer-term perspective of urban life in Canada.

This is not a problem that concerns only governments in this country. It is a problem which properly and rightly is of major concern to every independent builder, everyone in the housing industry in Canada. I was interested to read Don Wilson's comments to a recent HUDAC meeting in Thunder Bay where he said -- and I believe he was reported correctly:

"If through industry and government co-operation we do not find the solutions, the alternatives could be disastrous. We could end up with governments nationalizing land and this socialistic approach would bring an end to home ownership and the freedom of choice".

Mr. President, I have no more liking for socialistic approaches than you have. But I say that the problem is so severe that the time for co-operation between governments, and between governments and industry is needed so that we can meet the objectives of urban land policy in Canada.

The objectives, I would suggest, of governments at the federal, provincial and municipal level seem clear -- and these objectives must, I think, be shared by you. These are:

First, to ensure that there is an adequate supply of serviced land to accommodate Canada's fast-growing urban population. Investments in land and infrastructure -- sewers, water services, streets -- must keep pace and be co-ordinated with this need, if the supply and availability of land is not to become a bottleneck, frustrating housing objectives and negating the possibility of ordered and aesthetic urban growth.

Secondly, it must ensure that there is equity in the distribution of land between industry and commerce, between home builders and home buyers, between public use and private use, between home ownership and rental accommodation. All Canadians must continue to have reasonable opportunity for the enjoyment of land without prohibitive cost to the individual. This is principally a matter of application of the provincial legislative power to plan and regulate land use.

Thirdly, it must ensure that land markets operate effectively in the public interest. Transactions in land in Canada now amount to some \$1½ billion a year. These markets warrant the same degree of scrutiny by governments as markets of comparable national interest so as to assure that they are operating freely and efficiently.

The government of Canada considers that the problems of the price and availability of serviced land in Canadian cities need to engage the immediate and concerted attention of all three levels of government. We therefore proposed that a major joint effort be made over the course of the next few months to set the

basis for a federal/provincial land strategy in Canada. This strategy would direct itself toward:

- increasing the priority which all governments accord to land problems;
- increasing the resources devoted to meeting land problems;
- developing new means of accommodating urban growth other than by the continued expansion of existing urban centres;
- developing the full range of federal, provincial, and most importantly, municipal policy instruments needed to moderate land price increases.

I proposed to the federal-provincial conference on housing, and received the support of provincial ministers, to take the following immediate steps in support of an urban land strategy:

- the level of funds available under the National Housing Act for public land acquisition and development will be increased and at least half a billion dollars will be allocated to this purpose over the next five years;

- the National Housing Act will be amended to provide assistance explicitly directed toward the development of New Communities.

These provisions will provide aid not heretofore available and provide a federal focus for the co-ordination of existing N.H.A. programs. In parallel with this, it is my intention that the Ministry of State for Urban Affairs will promote the co-ordination and channelling of the appropriate programs and aids of other federal departments and agencies in the direction of New Community development.

- The Municipal Sewage Treatment Loan Program of the N.H.A. will be extended beyond the present expiry date (1975) of the present terms of assistance. The terms of assistance are presently under review by a federal inter-departmental committee, and in consultation with the provinces, we will determine the nature and the scope of how an improved program can be made more effective. I can assure you that the level of funding under this program will be continued at at least present levels for the next five years;

- The terms of N.H.A. financing for public land acquisition and development will be amended to make it easier for provinces and municipalities to take up the greater volume of funding which will be available.
- These are all apart from amendments relating to rejuvenating our older areas.

These measures mean that the federal government will be making over \$1 billion available to provinces and municipalities over the next five years for investment in land and services and the development of new communities.

But I want to issue a warning. I am the first to recognize that provision of federal money alone cannot resolve land problems in Canadian cities. The primary instruments -- the legal instruments -- to deal with these problems are provincial and municipal. They include the provincial/municipal powers of land use planning and regulation, provincial policies affecting the ability of municipalities to extend services to new residential land and to re-develop land. They include provincial policies on regional planning, regional development, and regional government. They are affected by municipal property tax systems and municipal by-laws. They include the provincial power to regulate commerce in land.

I believe all provinces now recognize the need to bring these policy instruments into sharper focus on the problem of providing sufficient serviced land at reasonable prices. I believe that a growing number of municipalities want to work to resolve some of these land problems.

At the same time, I recognize the need to bring federal policies affecting land into closer alignment with provincial priorities and policies if an effective plan of action is to be mounted. The provincial ministers attending the conference concurred with me that the fastest way to attain the integration of policies and programs in this field is for all levels of government to commit themselves to the development of a joint strategy which will make use of all the instruments that are available at each level of government.

To arrive at this strategy we agreed on an intensive process of consultation among federal and provincial officials directed at developing proposals which we could consider for the next federal-provincial ministerial meeting and as an agenda item at the next Tri-Level Conference.

As part of developing an integrated land policy this process must consider:

One - The level and allocation of Federal and Provincial public investment in land and services;

- Two - Objectives and guidelines for public land banking and developing;
- Three - Ways and means of co-ordinating Federal, Provincial and Municipal activities directed towards the supply of land and moderating land prices on an individual market basis; and,
- Four - Effects of Federal, Provincial and Municipal taxes on the price and supply of land.

I am not suggesting that the public assembly of land, by itself, is the panacea for all land problems; but the survival of our great cities as healthy, stimulating places to live is important and warrants the public intervention at this time.

I recognize that there are vast differences between land speculators, land developers, and home builders who use land. I certainly recognize the problem of the builder whose costs continue to mount while he is holding land and trying to find his way through the maze of applications, reviews and approvals with which he is confronted - a process that can easily consume years.

This is a factor in land prices and to the extent that bureaucratic processes may be unnecessary or redundant, they affect the public interest, and I would hope municipalities and provinces will seek ways of cutting that red tape.

I recognize also the way in which land prices are affected by the lack of servicing. In many cases it is not a lack of land that creates scarcity but a lack of serviced land. Where land is ready to be developed and occupied, within a carefully developed urban development plan, unnecessary delays in planning and installing services tend to drive up the cost of what land is available.

Sometimes the vagaries of a mortgage market adversely affects the price of land.

The fact is that all activities which have an effect on the price of land have to be examined within the scope of an integrated, comprehensive approach to land problems that I have suggested.

In short, I believe that a well thought-out, co-ordinated, co-operative approach to land development -- such as the one I have proposed -- will not only serve the public interest but will also be effective in removing some of the biggest barriers and bottlenecks which you yourselves have said are impeding you in getting your job done.

The Federal-Provincial Conference agreed on a method of developing some consensus on this subject.

The time is too short -- the subject too important for:

- Recriminations,
- For automatic responses,
- For knee jerk reactions by politicians,
or businessmen, or academics.

The objectives of government, at the federal, provincial and municipal level, seem clear. I believe that these are objectives which you must share, as an industry, as people who have a profound interest in the orderly, intelligent development of urban land, in the creation of healthy, manageable communities, and the fair sharing among all Canadians of the country's resources.

I believe that we all have parts to play -- governments and industry -- in achieving these objectives, and that businessmen concerned with housing and urban development expect governments -- within their proper jurisdictions -- to use their authority, their resources, and their skills to provide leadership and initiative. The Federal Government is certainly willing to do its part and, to judge from the reactions of participants in the recent Federal-Provincial Conference to my proposals, the provinces are willing to join with us -- and with you -- to ensure that all of our activities in urban land development are co-ordinated within a rational plan to serve the best interests of the country.

Remarks by
the
Hon. Ron Basford

Discours de
l'honorable
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Minister of State
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HOUSE OF COMMONS

March 12, 1973

Mr. Speaker, for some time we have been seeking alternatives to the large public housing projects we have been building in conjunction with the provinces and at the same time seeking ways to make more units available to those on lower income who need them.

The new amendments to the National Housing Act presently before this House will offer more desirable alternatives to public housing, but I am pleased today to announce three new program proposals under the existing legislation, the National Housing Act, whereby more units of subsidized housing will be made available, and whereby a desirable social mix of low-income families and middle-income families can be obtained by using ordinary apartment and townhouse complexes.

First, in certain privately owned and financed buildings, a federal-provincial partnership will lease 25 per cent of the units for low-income people. The tenants will pay the same rate as in public housing with the two governments sharing the deficit on a 50-50 basis.

Concurrently, a second alternative program we are suggesting is to lease space in projects financed by Central Mortgage and Housing Corporation under the limited dividend

and non-profit sections of the housing act. In future, loans by CMHC in certain municipalities will be conditional upon 25 per cent of the units being made available to the federal-provincial partnership for low-income tenants.

At the same time, a third alternative program is being established to improve the social mix in subsidized housing by allowing non-subsidized middle-income people to live in publicly-owned housing on an experimental basis.

I am hopeful that our efforts to encourage a better mix of families by housing low-income people in privately-owned buildings will be welcomed by the private sector. I am pleased to announce that arrangements have been concluded with the province of Ontario to experiment with these changes. The Hon. Allan Grossman, the minister responsible for the Ontario Housing Corporation, and myself are making a statement in more detail on this today. An invitation to all provinces is being issued by me to take advantage of these new techniques for providing housing for those that need it most.

Remarks by the Hon. Ron Basford

Minister of State
for Urban Affairs

Discours de l'honorable Ron Basford

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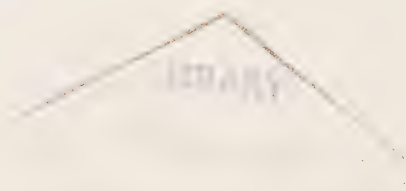
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HOUSE OF COMMONS

MARCH 15, 1973



Mr. Speaker, it is a great honour for me to begin the debate on Bill C-133 today and to move that it be referred to the Committee on Health, Welfare and Social Affairs. In our discussions today, and during the debate on second reading, I want to deal with the principles of Bill C-133, an Act to amend the National Housing Act. In my view, some fundamental principles are involved in this legislation.

When we talk in a general way about the subject of housing, we are talking about an elemental human need - the need for shelter, for physical and emotional comfort in that shelter. When we talk about people's basic needs - the requirements for survival - society and the government obviously have an obligation to assure that these basic needs of shelter are met.

I have already acknowledged this obligation in stating that good housing at reasonable cost is a social right of every citizen of this country. As legislators, as administrators, as a federal government working with the provinces and with the private sector, that must be our objective, our obligation and our goal. The legislation which I am proposing to the House today is an expression of the government's policy, part of a broad plan to try to make this right and this objective a reality.

The measures presented in this bill are designed, first of all, to give Canadians the kind of help that they have a right to expect in providing themselves and their families with adequate shelter. More particularly, they are directed first at those people whose need is most urgent - the old, the poor and those people who for one reason or another do not have access to the resources which this country can provide.

In considering peoples' need for shelter, however, we cannot concern ourselves simply with a roof and four walls. Man is a social animal and we must look beyond his house to the community of which it is a part. The community, as well as the house, must be safe and healthy and must allow and encourage man and his family to achieve the fullest possible growth and development, physically, emotionally and spiritually.

The bill is not, however, the government's only response to this challenge; it concerns only those sections which require immediate changes in the National Housing Act and it should be seen in the context of other responses which I have already described in a previous speech to the House. These are such things as the agreement at the federal-provincial conference held in January, to the development of a comprehensive national and local assessment of housing conditions. This will ensure that federal, national and regional policies are sufficiently flexible to meet the needs that exist across the country - things which are very different in different parts of the country. Such things as other parts of a total program of planned intergovernmental intervention in residential land markets - which I will mention in a moment - to reduce land costs and assist in the orderly development of urban communities; such as the growth of new intergovernment relations to assure the fullest possible consultation and co-ordination among all levels of government in developing and planning housing and community policies and programs including important changes that have been agreed upon recently for a three year commitment of funds so that federal and provincial housing agencies can plan for more than one year. As a result of the January agreement, officials of Central Mortgage and Housing are meeting with the provinces to agree upon these forward planning commitments, a part of which will be the process of getting housing away from the counter-cyclical economic device that it has often been in the past.

In the process of these consultations on agreement for forward budgeting, we will provide for flexibility in the allocating of funds to provinces and their provincial housing agencies to account for regional and provincial priorities and flexibility in allocating resources between the various programs of the National Housing Act.

I might mention also the thorough review, which I have already announced, of the federal sewage treatment program through which the federal government lends money to provinces or municipalities, their water or sewage agencies or regional governments, for the development of trunk sewers and sewage disposal plants. That program is under intensive review by an interdepartmental committee of the federal government which is consulting presently with provincial governments on their needs. I hope to have an announcement this spring on how that program will continue and in what form. An important development will entail the support of the federal government with respect to sewage treatment services. This will improve the quality of the environment and the quality of our urban life and will in addition, be instrumental in bringing land on to the open market.

I now want to mention Bill C-135, which will bring in certain amendments necessary in this field. It is known as the Financial Mechanisms bill and will create the Federal Mortgage Market Corporation, commonly known as a residential mortgage bank. That will provide for a liquidity of mortgage investment, which does not now exist. The Bill will provide for the establishment of mortgage investment companies and is complementary to Bill C-133.

May I mention that there is currently underway a reorganization within Central Mortgage and Housing Corporation, as a result of intensive management studies within the Corporation. This is being carried out to assure that the Corporation, in its operations and management functions, is totally able to carry out and fulfill legislative programs that we have enacted and are enacting. So this bill before us represents only part of the total picture with respect to housing policy and with respect to meeting the housing goals of this country. In terms of legislation, this bill represents, in my view, a major attack on the housing problems that face Canadians in the 1970's. This attack will take place on a number of critical fronts. It might be well to enumerate, briefly, those ten aspects of the bill.

There is to be, first, assistance for the planning and creation of new communities where they are part of provincial plans for dealing with the problems of urban growth - an alternative to the uncontrolled sprawl of our great cities. Second, there are to be resources to plan and finance the public acquisition of residential land as part of an intergovernmental attack on rising land prices and as an instrument to be used for the orderly development of Canadian cities and Canadian communities. Third, there is to be assistance to low-income families who, with some help, will be able to buy their own homes rather than occupy public housing or other forms of subsidized rental housing. Fourth,

there is to be increased assistance to voluntary groups such as church groups and service clubs who are willing to take the initiative in creating housing for low-income people, and particularly the elderly. Fifth, there is to be assistance to co-operative housing corporations, to encourage personal initiative in the development of housing and to offer a wider range of choice, particularly to lower-income and middle-income people, in the kind of housing they will have and the way in which they will occupy it.

Sixth, there is to be a new and imaginative program designed to preserve and improve urban residential neighbourhoods which are a vital strand in the social fabric of Canada, but which may be threatened with death and decay. Seventh, there is to be a program of assistance to rescue and restore old, deteriorating housing which, with some judicious investment, could have many more years of usable life. Eighth, there will be provisions to assist Indians living on reserves to acquire existing as well as new housing. Ninth, there is to be the first step towards a full program of protection for home buyers, similar to the warranties and guarantees offered to purchasers of other consumer products. Finally, the last feature of Bill C-133 will be new measures to encourage research and development in housing and community planning.

In recommending this legislation, I do so with the knowledge that it has been the subject of very extensive and thorough federal-provincial consultation and public examination. A counterpart bill was introduced to Parliament last June which had been the subject of intensive consultation with provinces. I have had the opportunity of discussing the provisions of that forerunner bill, and of this bill, in general terms with provincial ministers concerned with housing and with many municipal representatives. The most recent discussions took place at the federal-provincial conference on housing which, as I mentioned, was held here in January of this year. The official communiqué of the conference expressed, after the outcome of previous consultations which had gone on at the official level was known, the general support of the provinces for these proposals.

Many of the suggestions made by provincial ministers concerned the implementation of these programs, rather than the legislative provisions themselves, and matters which are covered by regulation rather than statute. This matter will continue to be the subject of continuing consultation at the official level. It concerns not only Orders In Council and the Regulations that support the legislation but the administrative procedures that flow from them.

As well, there has been advice and comment from many public and private organizations, and I should like to acknowledge now my appreciation of the time and great energy which so many people have

devoted to the study and analysis of these important public issues.

I have been impressed with the briefs and submissions which have been tendered by interested groups of citizens who have concerned themselves with housing policy in this country. All of this advice that we have received has been carefully considered and many of their suggestions have been incorporated in the bill and will result in further changes in detail when we reach the committee stage.

I have been encouraged to find, so far as the principles of the legislation are concerned, that they have received widespread acceptance by those people and organizations who have given them careful consideration. The Canadian Council on Social Development for example, has described the proposed programs as significant ones which, if properly funded, promise to improve the accommodation of many Canadians. The Housing and Urban Development Association of Canada has written expressing general agreement with the tenor of the amendments. The Co-operative Housing Foundation, the Ontario Habitat Foundation of Toronto, and the B.C. Central Credit Union, which is heavily involved in housing, suggest that this bill, if passed, will represent an enormous advance over the present National Housing Act.

Having shown in general terms the general nature of the support for the bill, I should like to deal now with the particular aspects of the bill in terms of the principles involved and leave the discussion of the details of programs until we meet in Committee, when I and my officials will discuss the bill.

In its broadest sense, it seems to me this legislation is not only an attack on housing problems of the 1970s but is part of the government's response to the development of urban life in Canada during the rest of this century. Great cities are not and need not become disaster areas. We are all aware of the deeply satisfying aspects of life in the country and in country towns and villages. Rural areas of Canada have contributed and continue to foster some of the abiding values that have made Canada and her people great. But cities also have a contribution to make in their rich and exciting social and cultural diversity.

Our concern must be to see that Canadians continue to have a meaningful choice among places to live and work. Our irreplaceable farmland and our rural communities with their unique life styles must not be mindlessly gobbled up by sprawling suburbs. At the same time, those people who prefer an urban life must be accommodated in a way that preserves the advantages of the city while avoiding the congestion, pollution, crime and violence which have made many of the world's great urban centres almost uninhabitable.

In many parts of Canada, an alternative to the continued expansion of the city is the development of new communities, either within urban-centred regions or in remote areas associated with the development of natural resources.

The new communities program which is new to the National Housing Act, with the co-operation and participation of provincial and local governments, will assist in the development of new or expanded centres offering comprehensively planned urban functions, including housing, employment, commercial and community facilities. Measures will ensure that the public retains the benefit resulting from subsequent appreciation in value of land acquired for the communities. This is provided in the bill by leasing of the public land rather than by its sale, which has been the practice under land assembly schemes of the past.

Very simply then, it is my expectation that through the new communities program, which is provided for in this legislation for the first time as a federal initiative, we can make a positive contribution by taking much of the pressure off rapidly growing existing cities by creating new and self sufficient communities with the co-ordinated and rational use of existing government programs. This would take pressure off prices, the need for further farmland for development, and the need for urban sprawl and at the same time, by way of the total planning of new communities, engage in a whole series of experiments and demonstration projects using these new techniques in housing, planning and development. One such community was announced for the national capital region, south-east of Ottawa. We will be assembling the land, meeting with the regional district and over many years developing the kinds of plans we need for that community.

Associated with a new communities program is the provision in the Existing National Housing Act relating to land assembly, which Bill C-133 vastly improves. The price of land is one of the most critical factors in the cost of housing in most markets throughout Canada.

All governments must be prepared to act to increase the supply of serviced land if housing is to continue to be available and financially accessible to Canadians. An overall land strategy is necessary, and to this end I propose to encourage provincial and municipal governments to become more active in public land acquisition and servicing.

As I announced in January, the federal government is committed to at least \$100 million a year for the next five years for the public assembly of land, including assistance to new communities. This figure, of course, has no reference to the vast amounts of money that have been and will continue to be spent under the existing and to be reformed trunk sewer program. Many have argued, and I have noticed this comment in the press, that \$100 million per year is not enough for a concerted attack on rising land prices.

This amount is substantially more than any government has put forward for this purpose in the past in this country and, indeed, is substantially more than the combined requests of all the provinces in any year to date for the purpose of land assembly. We can encourage municipalities and provinces to take full advantage of it. If that amount is not enough, we will just have to get some more.

The land assembly provision is only part of the answer to the price of land, the question of land development and bringing serviced land into the market. At the federal-provincial conference, we discussed the question of land in a proposal of mine which was accepted by the provinces, namely that in this country we need a comprehensive co-ordinated land strategy directed at the question of a land policy and a housing policy.

Between the federal provincial and municipal governments there are four topics which have to be addressed by them as priority items. This is what I proposed at the federal-provincial conference and which was accepted. The first item is the level and allocation of federal and provincial public investment in land and services. As three levels of government, we must agree as to the level of expenditure that is required to have a concerted attack on the question of land price and land development.

The second item is the objectives and guidelines for public land banking and development. There is no sense in simply using the taxpayer's resources and support to engage in land speculation. Purchases of land must have a purpose, namely good community planning and an effective intervention on the land market to affect the price of land in that particular market.

The third item is ways and means of co-ordinating federal, provincial and municipal activities directed toward moderating land prices on an individual market basis. If we are going to have a concerted attack on the question of land, it is going to involve all three levels of government for obvious reasons. We have to develop more effective ways of co-ordinating activities between these three levels of government.

The fourth item is the affect of federal, provincial and municipal taxes on the price and availability of land. This is indeed a very important subject and I have invited the other levels of governments to address themselves to that with me. I feel the federal commitment in this legislation, the federal commitment in terms of this budget and the federal commitment we have made to the other levels of government in wanting to develop a co-ordinated plan, are in fact, important features at the root of this question of land costs.

I now want to deal with a third element of Bill C-133. It is my belief that home ownership is desirable, but obviously for low and moderate income families, this is often impossible. We have to address ourselves to this problem. With some help however, many of these low - income families will be able to buy their own homes. The bill contains provisions for this kind of assistance.

The amount of help available to a family under the assisted home ownership program is related to the family income and can be given in three ways; by reducing the interest rate on the mortgage, by extending the time over which the mortgage is to be repaid, and by a grant from the federal government to help with the monthly payments. In drafting the regulations necessary to implement this program throughout Canada, local needs and market conditions will be taken into account, so far as it is humanly possible, all Canadians will benefit equitably.

The aim will be, within the program regulations, to provide low-income families who qualify, with assistance to bring their monthly payments to within 22 per cent of the family's gross income. For example, a family of four, including two children, with an income of \$7,500 could receive help to purchase a modest home at a purchase price of about \$19,000. Under this program, their monthly payments would be reduced to \$137, compared to the \$170 or more they would need to pay if they were buying their house on the open market without federal assistance.

Most of the provinces now provide some form of assistance toward home ownership, either by way of down payment assistance, interest assistance or assistance by way of a monthly subsidy to people with low incomes who are purchasing their own homes. Federal assistance and the grants we propose are not dependent upon the provincial programs to which I have made reference and there is no requirement that our programs be matched. The programs will, of course, work together to benefit those

who are entitled to assistance under the provincial programs as well as under the federal program. They will be stacked and the two programs can mesh together in this way.

The provisions of Bill C-133 also relate to non-profit housing assistance. One important group providing low-rental housing to people has been the hundreds of non-profit housing associations formed throughout the country of volunteers in service clubs, church groups, union groups or veterans groups, who have been providing housing to low-income people, particularly to senior citizens. The work done in this area has made a very valuable contribution to providing housing for those who need it. The bill takes assistance to those non-profit housing associations one step further than at present.

These non-profit organizations have over the years been encouraged and assisted by Central Mortgage and Housing Corporation as part of the senior citizens' housing policy. This program is important because of the very great debt this country owes to our senior citizens in all parts of the country who have worked so hard to build Canada and who are now, in their retirement years, entitled to decent housing within their income means. Insofar as the non-profit housing program eases the burden on those who have grown old, it is an important repayment of the debt which the country has acknowledged it owes to them and which this legislation also acknowledges.

We have acknowledged this need to assist senior citizens in many ways, not only by what we are now proposing to do by way of assistance to the non-profit housing groups to provide senior citizens' housing, but also in the other measures which were proposed in the Speech from the Throne, as well as in the Budget Speech, relating to increases in senior citizens' pensions, increases in the guaranteed income supplement and increases in tax exemptions.

In our desire to provide low-cost housing to senior citizens, over the past five years more than 37,000 units of housing have been built under the National Housing Act for elderly people, more than two and a half times the number of such units built in the previous 20 years. I repeat that during the last five years, more senior citizens' housing has been built under the National Housing Act than in the previous 20 years.

Bill C-133 makes it clear that the policy of the federal government is to assist and encourage this work to the greatest possible extent. We propose in the bill to make available to these non-profit organizations, low-cost loans to the full value of the housing they propose to build or acquire and, in addition, to make a contribution of 10 per cent of the capital cost of the project. That is to say, if a church, or ethnic group, or union wishes to build a senior citizens' housing development or low-cost housing development, apart from any provincial assistance that is available, we will provide a mortgage at a

beneficial interest rate for the full cost, and if the organization concerned needs a grant of 10 per cent to get them going, we will provide that.

Those who have become involved in this program are aware many of these organizations need money just to get started. They require funds to develop their plans to the point where they can apply for a loan, for getting architects working on the project, worrying about where and how to acquire property, how to develop a strategy for the project, and so on. In such situations we are proposing by this amendment to give up to \$10,000 in "start up funds" for this purpose.

Alternatively, these non-profit housing groups can receive the loans and grants available under the residential rehabilitation program contained in Bill C-133 which I shall mention in a moment. That is to say, rather than a non-profit group building a new senior citizens' housing project or a new low-rental housing project, a non-profit group can acquire older houses or older multiple-unit buildings and repair them, get the repair grants that are provided under the legislation and in this way provide low-cost housing. I am going to maintain an active program of encouragement in this regard. There have been some small developments of this kind in Winnipeg, Edmonton and a few other cities, but this must be encouraged to every extent possible.

Giving money by way of mortgages, grants or loans to non-profit groups is not, however, the whole answer. I am very much aware of the tremendous amount of work, effort and worry that is involved for the volunteer workers in these organizations in planning and organizing low-rental housing projects, making them reality and managing them thereafter. I fully appreciate the magnitude of their contribution and I assure these groups that the skills and resources that they need will be made available within the capability of Central Mortgage and Housing Corporation. The reorganization of CMHC, which is now under way, will make it much more able to respond to local needs of this kind by setting up a special group to assist them.

I should like to make one further proposal which I shall implement when the legislation is passed. There is, within these service organizations, a great wealth of expertise and experience in making these housing projects a reality and, among the membership, a great willingness to be helpful and to share their experience with others. I hope that when we are ready to get this program going, we will be able to convene a national meeting of all volunteer groups involved in non-profit housing activity in order to intensify the efforts in providing housing, particularly for senior citizens' groups. I think there is a need for pooling the experience and knowledge which they possess so that full advantage can be taken of these new provisions.

Also related to the provisions concerning the non-profit housing association groups are the amendments relating to co-operative housing in this country. I mention that they are related because I look to the co-operative movement and to co-operative housing developments to involve themselves with the provision of housing for those of low and moderate income. Western Canadians and the Atlantic provinces will be particularly aware of the part that co-operative organizations have played in the past in improving the economic condition of families both in the West and in the Atlantic provinces. In fact, in many areas of Canada co-operatives have been not just an economic instrument but part of the whole social and cultural development of the community. This is particularly true if one remembers what has come out of St. Francis Xavier University and from people who have worked there for many years. Housing co-operatives of one kind or another have a long, creditable and proud history in Canada, but for a number of reasons they have never realized, in my view, their full potential as a means of providing housing for people of low incomes.

I have sensed among co-operatives in Canada in recent years a growing awareness of the possibilities of this method of creating and owning housing, especially for the needs of people of low and moderate incomes. I feel that these organizations, which are capable of meeting the needs of many special groups of people, deserve all the encouragement that we can give them in this legislation, and the legislation is couched so as to give them that encouragement.

While assistance to co-operatives has been available in the past from Central Mortgage and Housing Corporation, they have not benefited from a single and concise section in the National Housing Act outlining the programs available to them. A separate section of the Act is being created by Bill C-133 to encourage to the maximum possible extent development of co-operative housing - to use their own words, as "a third force in the housing market". Under this section co-operatives, depending on their type of operation, will benefit from the provisions of the assisted home ownership program or the non-profit housing assistance program.

I have had an opportunity to discuss these proposals in Bill C-133 with representatives of co-operative organizations. They have expressed some concern about provisions regarding non-profit housing. They were concerned that references to corporations constituted - and I quote the bill - "exclusively for charitable purposes" might exclude co-operatives from assistance under this section. As a result, I am proposing changes to make it perfectly clear that bona fide non-profit co-operatives will in fact be eligible as charitable organizations, so they can take full advantage of these provisions.

While I am on the subject of co-operatives, I should also like to mention credit unions. In my view, they are playing an increasingly important part in the financing of housing and, as rapidly as they are able

to qualify themselves, they should be used to the maximum extent possible to build houses for Canadians.

The credit union movement is amassing a great deal of savings through its members and is playing, as a result of these savings, an increasingly important part in financing of housing. As rapidly as they are able to qualify, we have been happy to designate them as Approved Lenders under the Act and to extend to them benefits of the Mortgage Insurance Fund. I strongly urge more credit unions, and particularly the central unions operating at the provincial level, to get on the bandwagon, both in the interest of their membership and in the national interest, to increase the flow of capital available for house building in Canada. Those credit unions which may have some doubt as to how best to organize themselves to get involved in the provisions of housing under the National Housing Act should talk to the Central Credit Union in Vancouver.

In the province of Quebec the caisses populaire are acknowledged as an important element in the collection of savings for the provision of housing. Only yesterday I approved a central unit of the caisse populaire as an approved lender in that province.

I mentioned at the beginning of my speech that we were concerned not only with the building of houses and the provision of four walls; we were concerned, and must be concerned, with the nature of the

communities we are building in this country. Therefore I turn now to the provisions of Bill C-133 which relate to the kind of neighbourhoods and communities we want in this country and how the federal government can assist in assuring good neighbourhood and community planning.

I mention, first, the neighbourhood improvement program and the neighbourhood improvement provisions of Bill C-133. There are many neighbourhoods in Canada occupied by low and moderate income people where the housing is deteriorating, community facilities are lacking and the sense of community is in danger of being destroyed. The federal government believes that many of these neighbourhoods, with some financial help and some encouragement for the local residents, could be saved and could become healthy and satisfying places in which to live. At the same time, this program will have the effect of maintaining and improving existing housing - particularly for low-income people - improving the quality of the urban environment and relieving the growth pressure on urban fringes.

Working with and through provincial governments, the federal government will provide grants and loans to improve and rebuild selected neighbourhoods, to assist in planning and acquisition of land and to create parks, recreational and community facilities such as day-care centres where they are needed. It is in the older neighbourhoods that these kind of community facilities are lacking to a very serious extent.

The program will be subject to federal-provincial agreements which will spell out how the funds are to be paid out, how the residents of the neighbourhood will take part in the development and planning of the scheme and how new homes will be found for people who may be displaced because of activity arising from the program. This program is put forward in this bill as a replacement for the old urban renewal program under the National Housing Act which turned, in many cases, into a program under which bulldozers were brought in to bulldoze neighbourhoods and people out of the way. There are, surely, better ways of dealing with older areas in our cities and the neighbourhood improvement program is designed to meet that need.

Coupled with the neighbourhood improvement program is the residential rehabilitation program which is intended to be used in repairing and improving homes for people of low and moderate income. We are all aware of the unnecessary disruption and suffering that results when families are uprooted and forced to leave older homes in which they have lived for years, or perhaps generations, because these homes have deteriorated below the minimum standards of health and safety.

The moving of families and the destruction of older housing represents not only an emotional loss to the individuals involved but also an economic loss to society through the reduction of

existing housing stock. I believe that considerable leverage can be gained, not to mention the avoidance of unnecessary dislocation, by allocating money to the repair of deteriorating houses and the upgrading of their plumbing, electrical and heating systems. Loans and grants are also available to landlords provided they enter an agreement to control their rents. Generally, this program will be used in conjunction with the new neighbourhood improvement program but it also can be used, as I have mentioned, for non-profit housing projects and co-operatives. Under special federal-provincial agreements it may apply outside neighbourhood improvement areas.

We are concerned with a program to improve the quality of our housing. CMHC and the government of Canada, over a period now close to 20 years have promoted research into housing and community planning. They have provided assistance to individuals and groups, fostered development and carried out some in-house research. There seems to be a need for the development of a program under the National Housing Act which will complement these purely research activities, motivated by active promotion and an improved program, provided for under this amendment, which will include experimental projects, administrative projects and pilot projects, all to improve the design of our housing and the quality of housing and neighbourhoods.

Bill C-133 will empower CMHC to finance its own development activities and to enter jointly into such activities with others, as well as to accept risks associated with agreed innovative development projects undertaken by private and public groups. The Corporation proposes to collaborate closely with industry and other levels of government in initiating and conducting experimental endeavours.

It is hoped that as soon as possible upon passage of the legislation, a structured series of experiments can be undertaken jointly with industry and other government agencies across the country. More specifically, because this is a new program, several areas of activity are considered essential, in my view, within the scope of a development program. These would include physical projects to be initiated or undertaken either within or outside CMHC; technological developments by way of encouraging the development of new products and efforts dedicated to improved productivity.

More than physical projects are needed in developing new techniques. Money must be allocated and developmental projects must be initiated which concern themselves with the encouragement of the social and environmental aspects of housing by which to encourage the public to participate in the organization and the design of projects, in initiating demands upon the government and industry for new types of planning and new types of building.

To maintain and to improve the very high standard of housing in Canada there is a continuing need for a program of this type, a program of research and development. One unavoidable element of any experimental or innovative undertaking is the element of risk. Experiments, no matter how well conceived and planned, which fall short of the mark, cost money and someone must be around to pick up the bills. While the private sector can be expected to shoulder a substantial part of the cost of research and development, in the public interest the public sector should be prepared to underwrite its share of high risk innovative developments. The changes proposed through the present bill will encourage a systematic program of experimentation and will authorize Central Mortgage and Housing Corporation to undertake developmental projects or share the risks of experiments undertaken by others.

There are two sections of the Act which I now would like to mention. One relates to housing for Indians and is almost in the nature of a technical amendment. Its purpose is to assure that all the provisions of the National Housing Act available to individuals or groups of individuals are available to native people whether they are living on or off a reserve; whether they are, to use the language of the Indian Act, status Indians or not. It is simply to make sure that whatever individuals receive by way of co-operative housing, low-rental housing or assisted home ownership programs, it can be obtained off the reserve as well as on the reserve.

The last feature of these amendments is related to purchaser protection of homes. For most families a home is the largest and most expensive single item that they will buy during the course of their working lives. Yet generally speaking home buyers do not enjoy the same kind of protection and warranties as do purchasers of less costly items such as cars or television sets. As I said in a speech a while ago, you buy a \$5 or \$10 steam iron and you get more warranties and guarantees than when you buy a house for the rest of your life.

To me, this seems incongruous and it is a matter to which I am devoting my attention. I expect to be able to announce before many months a national system of warranties for house buyers. In the meantime, I propose to amend the National Housing Act to deal with two aspects of this matter. Under the provisions, if accepted, if a builder goes bankrupt or becomes insolvent before completing a house which he has sold, the funds necessary for completion of the house will be advanced to the buyer through the Mortgage Insurance Fund. The other provision is one to make sure that when the home protection development plan is announced we will have the authority of the NHA to ensure that it is implemented.

Bill C-133 is an indication of the concern which this government holds for the housing needs of all Canadians. The provisions which I have outlined demonstrate very clearly our particular concern

for the needs of low-income families and represent a substantial effort to solve many of the problems which these families face. They represent a substantial advance on the present provisions and programs under the NHA.

With regard to funding, the point has been made that without the necessary resources the proposed legislation will not have the desired impact in solving Canada's housing and community problems. I would like to point out that during the past five years the federal government has been responsible for the provision of sufficient funds to construct more than 170,000 units of social housing - more than two and a half times as much as was produced in the previous 20 years.

We have allocated for the first year of operation an amount which we think realistically can be spent under those provisions, considering that many of these programs will be in the start-up stage. If the provinces, municipalities and industry are able to use up the funds which I will be proposing for this fiscal year, once the legislation is passed, further amounts could be transferred from other programs to meet the need. So far as I am concerned, the first job is to get the legislation passed and then to ensure that sufficient funds are available to carry out, in an effective way, the program which the legislation provides.

As I mentioned at the outset of my remarks, this legislation is a key element in the government's overall thrust to meet the legitimate expectations of all Canadians to be well housed in healthy and satisfying communities, whether they be in the country, villages, towns or the great metropolitan centres. This bill provides some of the legislative instruments to achieve this goal. They will be backed up by all the dollars that are needed to get the job done. I close my remarks by repeating what I have said many times before. These measures deserve and require the support and participation of all governments in Canada and of people everywhere who have ideas, energy and enthusiasm to bring to the task of providing housing at reasonable cost to all Canadians.

Remarks by the Hon. Ron Basford

Minister of State
for Urban Affairs



Discours de l'honorable Ron Basford

ministre d'État
chargé des
Affaires urbaines

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THURSDAY, MAY 17, 1973



I am very pleased to have the opportunity to come and speak to this seminar -- first of all, because the Canwel system is something in which I have taken a keen personal interest ever since I assumed my present portfolio and the responsibility for Central Mortgage and Housing Corporation.

(As a matter of fact, as some of my colleagues and officials know, I keep a jug of Canwel water in my office. They will testify, I know, that it is eminently potable -- with, or without, a little whisky.)

More significantly, I find the whole concept of the Canwel system exciting -- its potential effect on housing, and patterns of urban development in Canada, is enormous.

I am particularly pleased to be here today because this is where the idea may really take off.

The idea behind the Canadian Water Energy Loop has been growing now for at least 18 years. I am proud that this new technology is a Canadian product and that Central Mortgage and Housing Corporation -- along with the Ontario Research Foundation -- has demonstrated the leadership, initiative and imagination that was required to bring the system to its present state of development.

We are now at the stage where we need some new partners -- different kinds of knowledge, skills and enterprise -- to take us to the point where this ingenious invention becomes a practical, working product that can be manufactured, sold and installed in homes throughout Canada.

You were invited to this seminar today because we believe that you are the kind of people who can pick up the idea and make it a solid reality.

Obviously, I have nothing to contribute to the scientific and technical conversations which you will be having during these sessions. Nevertheless, as a Federal Minister, I want to tell you that the Federal Government and Central Mortgage and Housing Corporation will continue to have a critical role in the further development of the Canwel system.

The knowledge and expertise which we have accumulated over the past 18 years will be at your disposal, as well as the very substantial financial resources which we have committed for research and development aimed at preserving our natural environment and improving Canadian communities.

I accepted the invitation to speak to you today because I want to offer you a challenge and to pledge the support of the Government to those of you who can accept it.

As a politician -- rather than as a scientist -- I would like to tell you, in a few words, the implications which I can see of a waste-recycling system such as Canwel.

Obviously, there are incalculable benefits to the quality of our waters, air, soil and our energy resources in an efficient, economical system which re-uses wastes, instead of dumping them. In addition to the contribution it can make to our health and the quality of our surroundings, there are savings to be made in the reduction and eventual elimination of the incredibly complex network of water and sewage lines and expensive sewage treatment facilities.

I know very well the cost of creating and constantly expanding the existing sewage treatment system because CMHC, since 1960, has made more than 2,200 loans worth almost \$570 million to Canadian municipalities for building of sewage treatment plants and trunk sewers. This program has been under review by an interdepartmental committee which is now in the final stages of its work. I expect that, among the recommendations of this committee, will be a new emphasis in research and development to improve existing technology and to devise new and better ways of dealing with wastes.

While pollution and the conservation of natural resources will be a high federal priority for many years to come, waste disposal has other implications which touch

on my particular objectives as the Minister responsible for urban affairs and housing.

I am very much aware just now of the rising cost of shelter which threatens to put good housing beyond the reach of many people who have a right to expect good accommodation at a price they can afford. Any developments which promise to provide people with essential services such as water, sewage disposal and energy at a more reasonable cost is of paramount interest to me.

Another important element in the cost of residential land is -- not only the cost of services -- but the rate at which serviced land can be made available, particularly in fast-growing metropolitan centres. Obviously, in a country such as this, there is no shortage of land; what is often lacking is an adequate supply of serviced land to meet the demands of a growing population. Where this lag occurs, there is a scarcity and market pressures develop to push up land prices. Any technology which can speed up the process of making land ready for people to build on, and live on, will help bring supply and demand into balance and stabilize prices. It seems to me that systems such as Canwel hold out this kind of promise.

Another of my objectives -- about which I have spoken frequently in recent months -- is the need for orderly, planned urban growth rather than unplanned sprawl which threatens, not only to make our urban centres unmanageable, but to gobble up and destroy agricultural land and surrounding small communities. Obviously, the provision of services is an essential instrument in planning and managing urban growth. If new technology can make this instrument more flexible -- if it can put services on the ground more quickly and make available for housing land which can not now be used -- it will greatly enhance our ability to plan intelligently and effectively.

I have been speaking until now largely about urban problems but waste-disposal technology has important implications, as well, for people living in rural and hinterland areas of Canada -- and particularly in the North. In areas where housing is widely dispersed, the supply of water and the removal of waste is a serious problem. Sophisticated servicing systems are either impossible or economically unfeasible. The availability of efficient, inexpensive services is often the critical factor behind economic and social development or stagnation and decline.

These are some of the reasons why the Federal Government, and my Ministry in particular, regard the development of water and waste-handling technology as critically important. That is why we initiated the studies which produced the Canwel concept -- and why we are prepared to encourage, and invest in, the further development of this system, or similar systems and ideas.

That is why I am inviting you today to participate in these discussions, to see the system in action, and to consider what its implications may be for you within your own scientific discipline, your own field of technology, your own particular expertise or line of business.

You may recognize the opportunity to begin developing prototype models which will lead to a commercially marketable product.

You may see the possibility of developing components of the system.

You may find that the basic research which has led to the Canwel system suggests other applications and spin-offs which we have not yet envisaged.

You may be inspired to strike out in an entirely new direction leading towards a new and better solution to the problem.

If you have a proposal to make, and you are ready to act, we would like to hear about it. If it has promise of being productive -- in any of these areas of activity -- we are ready to work with you.

There are a number of possible arrangements that could be made about patent rights and licensing arrangements and we are prepared to be flexible and to accommodate you in whatever way will best serve the public interest.

Many of you will be familiar with the wide range of research activity in the field of housing and community planning which has been supported with grants over the years by CMHC under Part V of the National Housing Act. That program is available in support of the kinds of activity which I am inviting you to consider. In addition, amendments are now before Parliament -- and are likely to be enacted into law within the next few weeks -- which will greatly strengthen CMHC's ability to undertake developmental projects and to underwrite the risks involved in experimental work undertaken by others including individuals, business firms and other organizations.

Mr. Chairman: in concluding these remarks I would like to express my sincere hope that you and your colleagues will be interested and excited by what you see and hear during this seminar. When it is all over, if you feel you want to do something about it, please let me know.

Remarks by the Hon. Ron Basford

Minister of State
for Urban Affairs

Discours de l'honorable Ron Basford

ministre d'État
chargé des
Affaires urbaines

For Release: JUNE 4, 1973

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REMARKS BY
THE HONOURABLE RON BASFORD
MINISTER OF STATE
FOR URBAN AFFAIRS
TO THE ANNUAL CONFERENCE
CANADIAN FEDERATION OF
MAYORS AND MUNICIPALITIES
CHARLOTTETOWN, PEI,
MONDAY, JUNE 4, 1973.



I am delighted, once again, to have the opportunity to meet with representatives of Canada's largest level of Government.

I am particularly pleased to meet with you here in this old and beautiful city which is so intimately linked with the birth of Canada. One cannot help being reminded, as one moves about these ancient streets, that the oldest and most continuous governments in Canada - the Senior Governments - are those of the cities and towns. There were organized governments, particularly on the Atlantic Seaboard and along the St. Lawrence River, many years - in some cases a hundred years and more - before there was a Canada.

It has been brought to my attention that this fine meal is being sponsored by the Royal Bank of Canada rather than CMHC as in the past. I am pleased to note that the CFMM has given up making demands on the Federal Government and has decided instead to seek assistance from the private sector

In any case, I appreciate your invitation to speak for it gives us an opportunity to consolidate the alliance we are building to attack urban problems.

These urban problems are, more than ever, the concern of all levels of government. The federal government cannot stand aloof. Urban problems are national problems and require national action.

This action must, if it is to be effective, involve the policy instruments of all levels including such powerful federal tools as taxation, trade, industrial policy, immigration, transportation, and housing.

This action must also involve the municipalities in a critical way. Your leadership on urban issues, based upon your unique knowledge and experience of Urban Canada, must exert an increasing influence on the efforts of all governments to come to terms with our urban problems.

And this point brings up the subject of tri-level consultation. You will recall that, during your meeting with Prime Minister Trudeau in March, he pointed out that the tri-level process - which many people doubted would ever take place - is now, in fact, underway and is accepted by all three levels of government. As the Prime Minister reminded us, on that occasion, our job is to make it work.

It is a source of a good deal of satisfaction to me personally to have had a part - in the fall of 1972 - in arranging for the first tri-level conference ever held in Canada.

Your president, Des Newman, - Fraser Mooney of Nova Scotia, and I have already worked out the agenda for the second National Tri-Level Conference this fall. The theme of this year's conference focuses on one of our most critical problems - the problem of managing urban growth.

Within this theme we will be dealing with three important elements - land and housing, finance, and transportation.

It is hardly necessary to say to a meeting of mayors that the problem of Managing Urban Growth is very real.

When I was born in Winnipeg in 1932, the population of Toronto was about half that of the province of Saskatchewan. Today the population of Metropolitan Toronto is more than the combined populations of Saskatchewan, Manitoba, New Brunswick and Prince Edward Island. This growth rate has created severe problems and what happens in Toronto affects what happens in Newfoundland. There are more Newfoundlanders living in Toronto than in any municipality outside St. John's.

Similarly, the population of Vancouver, where my constituency is located, was 245,000 forty years ago. And today it's more than four times as much.

The consequences of this growth are fundamental and far reaching.

Within 10 to 15 years Vancouver - boxed in as it is by the mountains, the sea and the United States - will have completely exhausted its usable land. It simply will not be able to grow.

On the Prairies, on the other hand, there will be a need for increased urban growth, particularly in medium and smaller communities.

Rural depopulation is the corollary of concentrated urbanization.

Montreal, the economic heart of Quebec, with 56 per cent of the province's population, 65 per cent of its gross product, and 71 per cent of its manufacturing output, has its own unique problems. One of these, for example, is the fact that its major growth is taking place on the south shore. In the process, some of the province's best farm land is being permanently destroyed for agricultural purposes.

These changes cause a whole sequence of economic, social and political upheavals which have put established institutions under severe strains. You, the mayors of Canada's municipalities, know first hand what the consequences of such trends are.

I could paint you a bleak picture. You have heard it before, and some of you have experienced its effects. Pollution. Congestion. Decay. Crime. Violence.

It could be. But it doesn't have to be.

You and I can see that it doesn't happen.

Not me, by myself.

Not you, by yourself.

But all of us, working together: all of the governments, along with all of the private skills and resources we can muster.

Let me mention some of the more urgent problems we have to deal with:

Financial problems. You have been very effective in telling me that your municipalities need more money. And I know that in high growth areas the demand for services places a tremendous burden on the local tax base, and in areas of declining population, decreasing revenues make it difficult to maintain existing levels of services. You will be discussing these problems at this meeting and the questions of federal-provincial and provincial-municipal finances will be on the agenda of the Tri-Level meeting in the fall.

But I want to make it clear that we cannot deal with these problems only by transferring more and more money from one pocket to another.

I wish it was that simple, but financial problems are not unique to any level of government.

Social Problems. I have already referred to the social dislocation which accompanies both rural depopulation and urban concentration.

Environmental decay. The high density of people and industry has resulted in increasingly high levels of air, water, land and noise pollution.

And the list goes on. We have a collection of commentators and academics who make good livings compiling such lists. It is the people in government, however - people such as yourselves - who have the ability and the responsibility to effect solutions.

The more we think about it the more we must come to realize that to accept the present national trends is to accept nothing less than economic, social and political revolution. More than any other factor the pattern of Canadian municipalities, the form of our settlements, will determine our present and future life styles.

We have - as a united country - the tools with which to manage urban growth - to allow us to enjoy the benefits of an urban industrial society without the disadvantages that stem from unplanned, uncontrolled, concentrated growth.

The challenge demands nothing less than a truly national response.

And by a "national response" I am talking about something more than a federal response. I don't mean that the federal government takes up the challenge and uses its policy instruments to pursue a solution single handedly.

It is of course true that the federal government has a large number of policy instruments which can be employed in the management of urban growth. Fiscal policy, economic policy, industrial strategies, regional policy, environmental policy, transportation and communication policy, and manpower and immigration policy - all of these policy areas possess instruments which are capable of influencing the pattern of urban growth.

Some of the policies and programs the federal government is currently pursuing are designed to come to grips with certain urban growth problems on a national scale.

Immigration policy is an important national instrument. To the extent to which the federal government can direct immigrants to desirable urban growth areas, the policy can affect the size of the problem we have to deal with.

Manpower mobility is another policy instrument that has implications for urban growth. This policy can be used to take some of the pressure off high growth urban areas.

Federal land management policy, and the government's land bank policy, are capable of dealing with some of the undesirable effects of rapid urban growth.

Similarly, three important policies that are just getting underway - neighbourhood rehabilitation, new communities, and railway relocation - are designed to meet the problem of urban growth - to deal with urban decay, to help rebuild the cores of our cities, to eliminate some of the pressure for downtown high-rise or suburban sprawl. These programs are designed to mesh with yours to combat some of the problems associated with urban growth.

We are committed deeply in the area of providing technical and financial support for urban infrastructure; we are involved heavily in housing and housing projects; and we are ready to adopt new approaches to public housing, housing projects undertaken by non-profit organizations, and co-operative housing groups.

But none of this means that the federal government is the first or only line of attack on the problem of managing urban growth.

Even if the federal government gets more

directly involved in the management of urban growth - if policies are created to encourage particular patterns of urbanization through incentives to individuals and families, to businesses or local governments - the federal government cannot, nor is it interested in, dealing with the problems of urban growth on its own.

It is important that we recognize that each of us - including the private sector - has policy instruments which can influence urban growth patterns, and that these should be used.

The management of urban growth is a national priority - a priority which will require the combined efforts of my government, your governments, the provincial governments, and the efforts of the private sector.

The tri-level process may be an important vehicle for achieving this objective and that is why I am supporting it. I am very much aware that in urban affairs - as in affairs of

the heart - a certain amount of conversation is a necessary prelude to successful action. But I believe we are at the point where we understand each other's concerns, objectives, priorities and needs well enough to move away from generalities and get down to cases.

The federal government, through the programs of the Department of Regional Economic Expansion, has made a strong effort to redress some of the inequities of unbalanced growth. The Industrial Development program, the Infrastructure program, the Social Adjustment and Rural Development programs, are all having an effect on the pattern of urban growth and settlement in this country.

This is at the national level. At the provincial level, we need to quicken the pace at which provincial regional growth and settlement plans are developed and put into place. These plans are urgently needed if we are to have the right kind of framework within which to deliver our policies.

But we can go beyond this. Re-evaluation of freight rates, for example, could be an important support to federal and provincial governments in managing the pattern of urban growth and settlements in Canada.

The small farm development program initiated by the Department of Agriculture could be co-ordinated with, and reinforced by, similar provincial programs, as one way of relieving both rural depopulation and excessive urban growth.

Federal efforts to decentralize the operations of the government through regional offices, distribution of government purchases of goods and services, will also be important and could be complemented by similar efforts by the provinces and perhaps by the private sector.

As the municipal level, there will be a continuing call for re-thinking of approaches to the location and form of growth. Innovations in design, construction and sub-division development will come about only if you ensure that regulations and by-laws are modernized and made flexible enough to encourage creative responses to real problems.

The National Tri-Level process could be a new beginning for the governments of Canada. It is a tangible recognition that the pervasive problems of urbanization are national in scope and thus require the coordinated efforts of all three levels of government working together as partners. And

sitting together as equals. But tri-level consultations are clearly not in themselves the whole answer. They are only a means to developing new solutions to deal with our new problems. If our tri-level meetings develop into monotonous exchanges of already well known assertions and demands, competing constitutional theories, charges and counter-charges, very little, if anything will have been achieved. Our experiment will have been a failure.

Nor will they work if, having played some part in getting the municipalities into the process, the federal government is told - by you or the provinces - that it has no part to play except that of a banker.

Rapid and concentrated urbanization is not going to stop - at least not by itself. The social, economic, political and environmental consequences of growth are not going to go away - just because all three levels talk to each other about them. Another bureaucracy, tri-level or otherwise, is not going to resolve our difficulties.

The challenge facing us at the next national Tri-Level Conference is to develop real solutions to real problems. Our success and the success of the tri-level process, will be measured by our ability to translate the results of that conference into action.

Thank you.

Remarks by the Hon. Ron Basford Discours de l'honorable Ron Basford

Minister of State for Urban Affairs ministre d'État chargé des Affaires urbaines

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HOUSE OF COMMONS

JUNE 12, 1973

Ministry of State Ministère d'État
Urban Affairs Canada Affaires urbaines Canada

Central Mortgage Société centrale
and Housing d'hypothèques
Corporation et de logement

National Commission
Capital de la Capitale
Commission Nationale

Corporation

et de logement

Commission

Nationale

In beginning the debate on Bill C-135 to provide additional financing mechanisms and institutions for the residential mortgage market in Canada and moving second reading and reference to the Standing Committee on Health, Welfare and Social Affairs, I do so with the assurance that all members of this House share a very deep concern about the problems within the country relating to housing, and a deep concern about the very real urgency in introducing new measures relating to housing and to the mortgage lending field. The House certainly exhibited that concern and sense of urgency this afternoon in passing Bill C-133. I thank hon. members for their co-operation in putting that bill through this afternoon.

We are now dealing with a second bill which relates to housing. The events of the last day or so have surely highlighted the problems currently facing this vital area of national development. In this bill we have an opportunity to provide direction and relief as well as assurance that our future residential mortgage activity in this country will not be limited by a shortage of mortgage funds.

As recently as four or five years ago the total investment in new housing in Canada was in the order of \$2.7 billion annually, representing funds provided by the financial institutions, by governments and by individuals including down payments on owner-occupied housing. We are aware that since then the construction of new dwellings in this country has accelerated rapidly. Dwelling starts last year reached a record 250,000 units exceeding all suggested targets.

We know at this point in 1973 that we can say with complete confidence that that number of 250,000 will be exceeded in 1973 and that we will be exceeding our targets in terms of construction. We know too that just to keep pace with new family and non family formation and the replacement of dwellings that are removed from the housing stock for one reason or another we have an estimated need for some 2,400,000 new housing units in the decade ending in 1981. A housing performance of this magnitude will require the investment of many billions of dollars.

The prospect we face is an investment in housing in excess of \$5 billion annually. If that level of investment is to be reached, we must encourage and facilitate the flow of more private capital into residential mortgages. It is for these reasons, to maintain and to enhance the flow of private capital into

residential mortgages, that the bill before us is designed to contribute directly to the achievement of our housing requirements by stimulating the flow of private mortgage funds for housing.

Any increase in mortgage lending rates is of great concern to me as minister responsible for housing. In our discussions this afternoon with regard to Bill C-133, I believe I made it quite clear that the directions we are taking in meeting the housing requirements of low-income people will create a heavy demand for increased direct investment of government funds. These funds will be available and, where necessary, the use of subsidies to reduce interest rates, will be utilized to bring financing costs within the capabilities of a much wider band of lower income Canadians. To carry out its intention with respect to lower income people under the National Housing Act, it is absolutely essential that government not be required to fill any gaps in the private lending field. The greater part of the middle-income market depends on private financing in the housing field, and if this area is not adequately served then the new initiatives proposed by the NHA amendments will not be capable of accomplishment.

In recent months the supply of private mortgage funds has been very buoyant, but unless action is taken now we

will have no assurance of future funds for the housing market in the volume that will be required. The demand for new housing is strong at all levels of income, and Bill C-135 is designed to provide the kind of support to ensure new residential construction will continue to meet the need in one area while government funds can be directed to another, such as assisted home ownership, repair, rehabilitation and land assembly.

This is the problem to which we have addressed ourselves in bringing forward the residential mortgage financing bill. Its overriding purpose is to improve the flow of private mortgage investment, and to the extent that it is successful in meeting this objective, it will be an aid to residential construction in general by reducing the costs of financing which are so important in the budgets of those who invest in housing whether they be landlords or home owners.

I repeat that increased housing output, financed privately, has the double advantage of directly improving housing conditions and at the same time making it easier for the federal government, as a very important participant in the business of residential funding, to continue to direct its own capital to the benefit of those who are in the greatest need of help, namely, low-income people.

The proposed legislation is intended to create institutions which will operate competitively on the private market and prompt a greater degree of private investment in mortgages and real estate. The over-all effect of these new institutions should be an increase in the supply of private mortgage funds from the capital market. In addition, some relative decrease in the level of mortgage interest rates is anticipated as compared to the yields on other types of financial instruments with which mortgages compete.

While it is very difficult to predict either the extent of yield shift that might take place, or the net amount of investment that might be directed into the mortgage sector, even a modest relative shift toward mortgages would involve considerable amounts of money. Let us look, for example, at the trustee pension funds, where possibly the greatest potential lies, which represent savings of Canadian workers. More than \$500 million would be made available for residential mortgages from a further 5 per cent of assets placed in residential mortgage investments by trustee pension funds.

This would still only mean a commitment of 15 per cent of assets compared to over 50 per cent for the life companies and nearly 60 per cent for the trust companies. The point I am making is that the trustee pension plans are investing about 9 per

cent of their assets and are committed to real estate mortgages. If 9 per cent were increased to 15 per cent, which is still a very low figure, it would make available for residential mortgages a sum in excess of \$500 million annually. In commending these measures to hon. members, I do so with the assurance that support exists within the investment community for the measures and that we can anticipate a substantial flow of private funds into residential development.

With respect to the idea of a residential mortgage exchange corporation, representatives of all classes of mortgage investors have expressed strong support for the creation of an active mortgage trading facility and the additional liquidity which such a facility would provide for mortgage investments. Pension funds in particular, which I have already mentioned, have seen the need for increased liquidity, and they represent one of our greatest possibilities for increasing the flow of residential mortgage investment.

In summary, some of the problems identified by the task force that studied this whole matter in making recommendations to the government, in the interdepartmental committee that has worked on this matter, and in seeking ways to ensure additional new private funds for housing, included; first, the lack of liquidity of mortgages - which in comparison with stocks or bonds - are not as easily purchased

or sold on the market; second, the difficulty of dividing mortgages into shares to enable smaller investors to participate; third, the large sums of money required to achieve diversity in making mortgage investments; and fourth, the unfamiliarity of potential investors - such as pension funds - with the mortgage market.

To help resolve these problems and to make residential mortgages competitive with other forms of investment and thereby attract private savings, the bill proposes the establishment of a federal mortgage exchange corporation and provides for new private institutions to be known as mortgage investment companies. The federal mortgage exchange corporation, which in common parlance has been called a mortgage bank, will be a Crown corporation responsible to the Minister of Finance. Since it will be subject to the Loan Companies Act, it will come under the normal supervision of the Superintendent of Insurance.

The primary purpose of the corporation will be to buy and sell residential mortgages and thereby encourage increased investment by institutional investors in residential development. It will also be empowered to make loans to private mortgage institutions for terms up to one year on the security of residential mortgages. The development of an active secondary market for mortgages and provision for short-term loans should prove effective in

attracting more institutional funds to housing.

The bill provides for the federal government to be the sole shareholder on incorporation of the federal mortgage exchange corporation, and for administration to be carried out by a board of ten directors appointed by the governor in council. The federal government will invest - as the bill provides - \$100 million in shares of the corporation to provide it with operating capital and may make loans to the corporation in the additional amount of \$300 million. To establish a quick trading base on commencement of operations, approximately \$200 million of the loans will be mortgages now held by Central Mortgage and Housing Corporation.

By amendments to the Loan Companies Act and the Income Tax Act, the bill also provides for a new form of Canadian financial institution - the mortgage investment company - which is intended to make investment in residential mortgages and real estate more accessible to the smaller investor. It is extremely difficult at the present time for smaller investors to make this kind of investment. Unlike investment in securities through mutual funds, mortgages and real estate investments are legally and administratively cumbersome to split in such a way that investors can become owners of separate, divided interests.

Backed by expert management service and the security of a diversified portfolio, mortgage investment companies will be able

to provide opportunities for the smaller investor to participate in mortgage and real estate investments on much the same lines as the mutual funds, and in this way attract new savings into residential mortgages and real estate investments.

All investment of mortgage investment companies would be restricted to Canada and at least 50 per cent of assets would have to be in the form of mortgages on residential real estate or cash. Exclusive of real estate acquired through foreclosure, investment in real property could not exceed 25 per cent of total assets. While the liabilities of the company will be limited to three times capital and surplus, the ratio may be increased to five times capital and surplus where at least two-thirds of the assets are in the form of residential mortgages or cash.

Subject to a large minimum housing component in the over-all distribution of assets, mortgage investment companies will be able to make both residential and non-residential real estate and equity investments, the non-residential component being permitted to provide investors with greater diversification and growth potential. Normally, a company would invest the majority of its assets in mortgages and rental properties.

The legislation, as hon. members will realize, proposes tax conduit treatment for mortgage investment companies, permitting the income of the company to flow through for taxation

in the hands of the shareholders. The tax conduit treatment will be available only for earnings passed to shareholders with undistributed income taxed at full corporate rates. Income would be distributed at least annually.

Hon. members may well ask why we need a federal mortgage exchange corporation and new types of mortgage investment companies when real estates investment trusts are already functioning in the Canadian investment market, operating under provincial trust laws and under rules of the stock exchanges. There are good reasons for this new federal approach to mortgage financing. Real estate investment trusts have been around in the United States for some time and, while they have generated a substantial private investment, the application of this form of financing to the Canadian market is relatively new. In fact, there are only four real estate investment trusts operating in Canada today and all four were formed after the introduction - during the last parliament - of Bill C-209, the predecessor of the present bill. I suggest that this is a measure of the importance that the financial community attaches to the significance of this current legislation.

I also believe that while Canadian real estate investment trusts will become an important vehicle for the generation of private investment, the mortgage investment companies contemplated by the bill will provide a substantially simpler corporate counterpart and

both will have the objective of trying to increase the flow of mortgage funds by attracting the smaller investors into the mortgage market.

May I say that four investment trusts are operating in Canada now. T-D Realty Investments, equally controlled by the Toronto Dominion Bank and McLeod, Yound, Weir and Co. Ltd.; BBC Realty, which is owned by the Bank of British Columbia; BM-RT Realty Investments, owned by the Bank of Montreal and the Royal Trust Company; and Heitman Canadian Realty Investments, which is owned by the Heitman Group Incorporated of Chicago, Illinois. They are operating in this country under provincial laws, without any federal corporate structure, and if this bill is not proceeded with they will of course continue to operate in the market without federal legislation covering their operations.

So while some may say we should not have mortgage investment companies, stopping this bill will not stop the real estate investment trusts from operating. By stopping this bill, they will be preventing a very useful financial mechanism in the exchange corporation from encouraging trustee pension funds to enter more into the residential mortgage business and they will be preventing smaller investment companies from being incorporated under the provisions of Bill C-133.

I do not propose to make a lengthy statement on the provisions of Bill C-135 which I hope will be referred quickly to committee for examination. I believe that all hon. members share our concern with respect to the financing of future housing requirements and appreciate the need for greater participation by private capital in financing new housing construction.

The government will continue to direct its funds for housing into areas of greatest need, and this encompasses the whole range of housing for lower income families, the elderly, students, and disadvantaged groups. But housing must also be accessible to the middle-income, average Canadian if the over-all demand is to be met. It is here the private market must be able to make an effective response. I suggest that the legislation before the House in the form of Bill C-135, providing for the establishment of the mortgage exchange corporation and mortgage investment companies, is a substantial effort to assist the functioning of the private market and to assure an additional flow of Canadian savings into residential mortgages.

It was with a sense of urgency that we passed amendments to the National Housing Act. It is with an equal sense of urgency that I speak tonight, hoping we can add these two new

financial mechanisms to the tools we have to attract money into housing in this country. It is a matter of urgency that this bill be referred to committee where the important issues raised by it can be discussed and examined in detail so the issue of assuring the flow of capital into residential mortgages can be tackled.

At the beginning of my speech I pointed out that we are going to need some \$5 billion a year in investments in residential mortgages and residential construction if we are to meet the housing targets for Canadians. These two instruments, the exchange corporation and the mortgage investment companies, are essential tools in reaching that \$5 billion. It is a matter of urgency that we achieve that goal of \$5 billion worth of savings going into housing. These two new institutions will make a contribution to that end.

Remarks by
the
Hon. Ron Basford

Minister of State
for Urban Affairs

Discours de
l'honorable
Ron Basford

ministre d'État
chargé des
Affaires Urbaines

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REMARKS BY
THE HONOURABLE RON BASFORD,
MINISTER OF STATE FOR URBAN AFFAIRS,
TO THE
COMMUNITY PLANNING ASSOCIATION OF CANADA,
VANCOUVER, BRITISH COLUMBIA,
SATURDAY, JUNE 23, 1973

I would like to begin by thanking you for the opportunity of meeting and talking with you today. We have a lot to talk about and a lot to share.

We share the objective which you in the Community Planning Association of Canada have described for yourselves as: "to improve the quality of the environment in which people live".

That, in the broadest sense, is the objective of the Federal Government, and of my ministry, in the field of housing and urban affairs.

As I have said repeatedly, in Parliament and elsewhere, Federal Government policy is founded on acceptance of the right of every Canadian to be well housed, at a cost he can afford, in a healthy and stimulating community environment.

This right imposes on government the responsibility to see, first of all, that there is enough housing, of the right kind, to meet the needs of a growing population and to ensure that it is within the economic reach of the people of Canada, no matter where they may live, and whatever their income.

We realize -- as you do -- that it is not enough simply to give people access to shelter, that people live, not just in houses, but in communities, which must help them to achieve their greatest possible social, cultural and economic development.

CMHC's Changing Role

This perception about people's right to good housing -- and the action that must be taken to make that right effective -- requires some far-reaching changes in the way the National Housing Act is administered and the way in which Central Mortgage and Housing Corporation is organized to do its job. This has resulted in a new concept and a new role for CMHC. In my view it is -- rather than just a mortgage banker -- the instrument for Federal Government social policy in the field of housing. This I have made clear in the House of Commons and this is clearly understood by the new president, Mr. Bill Teron. At the same time, CMHC is undergoing a corporate reorganization which emphasized the decentralization of decision-making authority to the local level, in order to make the corporation more sensitive and responsive to local needs and local priorities.

Central Mortgage and Housing Corporation, since the early post-war years, when it was charged with catching up with the tremendous demand which accumulated during the war, has played an important and significant part in the evolution of housing and housing policy in Canada. Although its role is changing, with the changing needs of the country, I am determined that the Corporation will remain -- as it has throughout its history -- at the leading edge of exploration and development of technical, administrative and social innovation in the field of housing and community planning.

Housing B.C. '73

The title you have chosen for this part of your program is "Housing B.C. '73" -- the immediate housing problems which we are facing now in British Columbia. I want to talk about that subject for a few minutes and I can readily identify five priority problems:

- * The first is the cost of housing -- the unacceptable rate at which housing prices have been rising.

- * Second, and closely related problem, is the lack of serviced urban land, where and when it is needed to meet the housing needs of people in all income ranges.

* Third is the supply of housing -- the problem of providing enough housing, of the right kind, to meet the needs of a growing population.

* Fourth is making sure, not only that housing and land is available, but that people -- particularly low-income people -- have access to it.

* And, finally, making sure that people can occupy and enjoy their housing in a community that is safe, healthy and responds to their individual needs.

Housing Costs

Let me deal now with the first problem I mentioned -- rising housing costs. I want to say plainly that the situation is intolerable -- not only for low-income people who are perhaps the hardest hit but for middle-income families as well.

How serious is the problem in British Columbia, and particularly in Vancouver? There have been many attempts to measure rising costs in dollar terms and these estimates vary widely, depending on what kind of housing you are talking about and what geographical area you choose.

One fact is quite clear: between 1971 and 1972, lot prices for NHA single-family detached houses increased by 18.2 per cent -- compared with the national average of 9.9 per cent in the same period. In this particular example, Vancouver rates went up at almost twice the average. Another indicator is the vacancy rate. in apartment buildings. A survey that is now going on is expected to show that the proportion of vacancies is close to one-half of one per cent -- in effect, apartments are virtually unobtainable.

Perhaps the precise measurement of the problem is not very important. Everyone who is looking for a place to live knows that the situation is very tight.

The important thing is to find a remedy or -- more likely a set of remedies -- that will help put the lid on rising housing costs.

I only wish there were -- as many people suggest to me -- a single remedy. The causes of rising costs are numerous and so are the possible measures to control them. Cost increases are not caused simply by the activities of greedy speculators -- although they may be a factor. Or from the failure to produce serviced land -- although that is certainly a factor. Other elements include the population shift to large high-cost metropolitan areas; the increasing

concentration of land in the hands of a few firms who can afford the high capital investment that is required for the development process; rising cost of wages and materials involved in construction; the rising rate of new family formation; people's rising expectations about the size and style of house they want and their willingness to pay for it -- all of these factors, and more, enter into any sensible analysis of the situation.

Bill C-133 will tackle some of these problems and, in addition I have instructed Central Mortgage and Housing Corporation to produce further proposals.

I expect these proposals will deal with the whole range of measures which lie within the Government's hands including, for example:

- * Taxation measures which could encourage the immediate development of land being held for speculation or penalize unwarranted speculation.

- * Additional measures to increase the availability of capital for investment in housing and to influence interest rates. Bill C-135, the Financial Mechanisms Act, is now before the House and I am hopeful that it will be dealt with quickly so that it can begin to have some effect.

* Increased government intervention in land ownership, including the direct participation of CMHC in housing development.

* New approaches to income redistribution including alternative methods of subsidizing the housing costs of low-income people.

In fact, I have asked that every possible course of action -- no matter how far-reaching -- should be evaluated as an instrument for bringing housing back within the economic reach of ordinary people. While we are taking these steps, however, I think it is evident that similar efforts must be made by the other levels of government which -- in many ways -- have more direct control over some of the cause of rising costs. The problem of housing costs -- like other housing problems -- will not be solved by one government acting on its own.

Supply of Serviced Land

As I mentioned a moment ago, the availability of serviced land is one factor -- though not the only factor -- in the rising cost of housing and is a major obstacle in

meeting housing needs, particularly in the larger centres. It is very evident here in Vancouver, where we are boxed in by the mountains, the sea and the United States. Within 15 years, Vancouver will have run out of usable land. It simply will not be able to grow.

There is not enough serviced land being made available to meet even our present demand -- and, for that, governments must accept a large share of responsibility. It is government which makes zoning decisions, sets sub-division standards and extends trunk services to open up land. I am not laying the blame at the door of provincial and municipal governments; on the contrary, I am trying to understand their problems so that the Federal Government can help them in the most effective way.

In spite of the complexity and difficulty of speeding up the land development process, we can make some headway immediately by working together.

During the Federal-Provincial Housing Conference, I proposed, and the provincial ministers agreed, on the need for an intergovernmental land strategy to help put the lid on rising land costs and to assist with the planned management of urban growth. Those plans are going ahead, with encouraging co-operation from the provinces.

Other measures can be taken, in the short-term which can have immediate effects.

All public land held by the Federal Government is now being examined in terms of its potential for residential development and, where it seems suitable, plans are being developed to get it onto the market. I have asked the provinces and the municipalities to do a similar kind of stock-taking. I am encouraged by the recent initiative of Mr. Lorimer, here in British Columbia, who has requested this kind of inventory from B.C. municipalities.

As you know, I recently announced the acquisition of Granville Island by Central Mortgage and Housing Corporation, primarily to meet the public needs of the future residents of False Creek Basin. In taking this action, I hope it will encourage other public and private development in the False Creek area and I am thinking particularly of the 100-acre parcel held by the City of Vancouver.

Meantime, as you are aware, the federal-provincial partnership is holding 640 acres of land in North Vancouver -- the Blair Range -- much of which could be available for housing purposes and could have a significant impact on Vancouver's housing problems. Development of this site has been stalled by the failure of all of the governments concerned to agree on a plan of action. In view of the present housing situation, I feel that any further delay in resolving this issue would be intolerable and I have asked for a meeting of all of the parties concerned at the first available opportunity.

We are prepared to join with the province, or any municipality designated by the province, in an immediate program of land acquisition and servicing, particularly if steps can be taken to speed up subdivision plan approval.

In that connection, I announced earlier this year, a Federal Government commitment of \$100 million a year for the next five years for land assembly, including land for new communities. I had expected an immediate response from provincial governments, who have been calling for even larger allocations of land assembly money, but, so far, there have been no indications that the provinces are ready to put these funds to work.

It seems to me extremely important that all three levels of government should act together to make the best possible use of the new NHA provisions that support developmental or pilot projects to make the most efficient use of residential land. These new measures give CMHC more scope to become involved in this kind of innovative project and to assume some of the financial risk that is necessarily involved.

The possibilities of this kind of activity are almost endless and have a tremendous potential. I am thinking, for instance, of experiments with different

kinds of multiple housing which offer an alternative to high-rise, ways of integrating new housing into existing older areas, low-energy projects which will not contribute to pollution, ways of testing the reactions of residents to new housing forms and designs.

Housing Supply

I would like to deal now with the third problem -- the problem of ensuring enough housing of the right kind to meet the needs of a growing population.

In the decade ahead, we will have to anticipate and provide for the needs of perhaps 350,000 new households in British Columbia. We can meet that demand in two ways -- first, by creating new housing and, secondly, by making the best possible use of the housing we have, through rehabilitation and improvements to the community environment.

You are all aware, I know, of the important work that has gone on -- and is going on -- in the Strathcona district of Vancouver, in the area of rehabilitation and neighborhood improvement.

The problem, however, is not simply to augment and improve our housing stock. We also must consider where this housing is to be located, what kind of housing it will be, and who will get into it.

To do that, we need much more information, and more precise information, than exists now at any level of government. What are the real housing needs of the people of British Columbia -- in terms of the size and form of housing, the needs of families and individuals, the requirements of special groups of people? In British Columbia, for example, we need to know how we must respond in terms of numbers, location and design, to the particular housing needs of elderly people, native people and rural families, as well as the general urban population.

I proposed at the Federal-Provincial Conference on Housing in Ottawa last January, 'a nation-wide analysis of housing needs in a form that can be used by all levels of government. The Federal Government has committed \$1.5 million for this purpose. I have since written to all of the ministers on this subject and our plans are moving ahead in those provinces where there has been a positive response. I am hoping to hear very shortly the extent to which British Columbia is prepared to participate in this work which will establish the guidelines for housing activity for the decade and beyond.

I would like to make clear to you, however, -- as I have to the provincial ministers and the municipalities -- that this process of study and analysis is in no way a substitute for action. The broad dimensions of our housing needs are already apparent and our first concern must be to

get on with the job of building and getting good new housing into place.

Access to Housing

The fourth problem I mentioned was to ensure -- not only that enough housing of the right kind was available in the right place -- but that it was accessible by people who needed it, particularly low-income people.

The urgent necessity to provide low-income people with access to good housing and the widest possible choice about the kind of housing they will occupy and how they will occupy it, is a priority which is shared by both the Federal Government and the Government of British Columbia. It is a challenge to which both governments -- and the municipalities as well -- have contributions to make.

Discussions have already been held with the province about how the new federal programs can be implemented and delivered in a way that is consistent with British Columbia's objectives and priorities. I would like, on this occasion, to congratulate Mr. Nicholson on his new appointment, to wish him well, and to assure him of the full co-operation of the Federal Government and Central Mortgage and Housing Corporation in his responsibility for the development of the provincial government's housing plans.

In approaching this planning task, Mr. Nicholson will have a wider range of federal low-income housing programs to work with which will offer the people of British Columbia greater choice about the kind of housing they will occupy and their form of tenure -- as home-owners, tenants or as members of co-operative organizations.

It seems evident now -- for British Columbia at least -- that large, concentrated public housing projects are no longer an acceptable way of providing housing for people of low-income. I would like to see the alternative programs -- including the new programs created by the legislation now before the Senate -- used in imaginative and innovative ways.

These include the Assisted Home Ownership Program which is aimed at families who, with some help from government, could buy their own homes, instead of occupying subsidized rental accommodation.

The Neighborhood Improvement Program is designed to preserve and improve neighborhoods occupied by low-income people which are a vital part of our social fabric but which are in danger of decay and destruction.

Associated with the NIP program, is the program of Residential Rehabilitation which provides loans and grants, based on income, for restoring housing accommodation to minimum standards of health and safety.

Among the existing housing programs which are strengthened, one hundred per cent financing will be available to non-profit housing corporations, as well as 10 per cent grants and start-up funds to help develop plans and prepare submissions. Rehabilitation assistance is also available to these groups, even outside Neighborhood Improvement areas.

I know that co-operative housing -- as one means of meeting the needs of low-income people, and creating a social mix in housing projects -- is an idea that has a great deal of interest and support in this province. I might mention, as an example the De Cosmos Village project in Vancouver which is a highly successful experiment in integrating people of different income levels and providing a more stimulating social environment. The new amendments to the National Housing Act, for the first time, provide for a separate section dealing with assistance to co-operatives. In drafting the new Bill, with the advice and suggestions of co-operative organizations throughout the country, I have made certain that the National Housing Act will present no impediment whatsoever to co-operatives who wish to become more active in the housing field.

The Federal Government will continue to be a willing partner in devising new and better ways of delivering low-income housing. In that connection, I am anxious to follow-up a plan launched some 18 months ago by the Federal Government in partnership with the province and the Greater

Vancouver Regional District. Under this scheme, our intention was to acquire some 300 new or existing houses to be made available to low-income people on favorable terms, either for rental or purchase. In that period -- for various reasons -- the partnership was able to acquire only 56 houses out of our target of 300. I am convinced that this program still has a great potential and officials of the three governments will be meeting next week to review the program and to re-activate it. To remove one of the possible roadblocks, CMHC has agreed to raise the price unit of houses it is prepared to finance under the scheme from \$20,000 to a more realistic \$25,000.

We are also ready to explore -- with British Columbia or any of the other provinces -- how NHA housing programs can be meshed with other social assistance measures. The Minister of National Health and Welfare and I, as I mentioned recently, agree that the question of shelter assistance should be part of the federal-provincial examination he has proposed of the entire social security system in Canada.

In Ontario, through an agreement with the provincial government, we are using rent supplements to provide housing for low-income people in projects which are either privately financed or financed by CMHC under the Limited Dividend Program.

We should also consider the possibility of permitting non-profit housing organizations -- either private or municipally owned -- where they are designated by the province, to build or acquire housing and to operate it as public housing, with losses shared by the three levels of government.

The Community

Finally, in the list of priority problems which are facing British Columbia -- and most other parts of Canada -- is the challenge to preserve and create the kinds of community which serve people's needs and help them fulfill themselves.

It involves the preservation -- and improvement -- of existing communities which work well, or can be made to work well. You have interesting examples of that work here in Vancouver. I have mentioned Strathcona. Gastown is, perhaps another example. The Neighborhood Improvement Program is an attempt to put these processes to work on a national scale, with federal assistance and -- I trust -- provincial and municipal support as well.

It will involve also, the creation of new communities and the planned development and expansion of existing communities designated as centres of growth. These may be existing communities within reach of metropolitan centres or more remote communities, perhaps based on resource exploitation, which have the potential for more balanced

economic development. The New Communities amendments to the NHA, now before Parliament, provide new kinds of federal assistance for dealing with all of these situations and for encouraging rational alternatives to unplanned urban expansion. Federal loans and grants will be available for a wide range of activities from preliminary planning, to the provision of community facilities and the acquisition of land for open space and connecting corridors to larger urban centres.

I should add that, in addition to the resources available under the National Housing Act for these purposes, my ministry will have the task of ensuring that the resources of all federal departments and agencies which may have an impact on these communities will be brought to bear in a planned and co-ordinated way.

I want to emphasize to you again that these are not projects to be undertaken by the Federal Government unilaterally. They will be initiated by the provincial or municipal governments, will be subject to Federal-Provincial agreements, and -- most important -- will be undertaken within an agreed province-wide strategy of urban and regional development.

In the area of community planning particularly, it is essential that there should be a very high degree of inter-

governmental co-operation and co-ordination. The Federal Government is anxious that its activities in the area of housing and community planning should reflect -- not only national objectives such as social equity throughout Canada, economic development, transportation, and other federal concerns -- but provincial priorities and needs, as well. To do this, it is essential that the provinces articulate their plans in terms of housing and regional development strategies which will provide a framework within which we can work together towards mutually acceptable goals.

Since we are fortunate enough to have Mr. Nicholson with us today, I would like to take the opportunity of stressing the importance which I attach to having an over-all plan of this kind for British Columbia as quickly as it can be developed.

Conclusion

I have attempted today to set out for you the resources which the Federal Government is ready to bring to bear on the critical housing and community problems of British Columbia. We will have enacted into law, probably within the next few days, one of the most significant and far-reaching pieces of housing and community-planning

legislation ever introduced in Canada -- and we have increased the capital budget of CMHC by 25 per cent to give these programs the impact they deserve.

Through the Ministry of State for Urban Affairs we are ready to help bring into play, not only housing legislation, but all of the programs and resources of the other federal departments and agencies which affect communities in important ways -- transportation, social welfare, economic and financial measures, among others.

This is part of the arsenal which is ready to be used, along with the instruments which are in the hands of the provincial and municipal governments, in a concentrated, co-ordinated attack on the problems that beset the communities of British Columbia and the rest of Canada.

It is a task which demands a truly national effort, a marshalling of all our available resources -- not only financial resources but, perhaps even more important, our resources in human energy, skills and imagination. These are the dimensions of the challenge, as I see them. There is still time to take hold and to begin planning and managing the system of human settlements in Canada from the perspective of our national goals and aspirations.

But each day that passes, each decision that is taken to build or destroy a part of our community environment, limits our choices and begins to lock us into a

pattern of growth and development which may be totally inconsistent with the kind of future we want for ourselves and our children.

It is because I see the challenge in this light -- because I have this sense of urgency about the need to begin now to plan and to act -- that I am anxious to be done with argument and contention about political and constitutional jurisdiction.

I believe that, if the people of Canada were fully aware of the scale and urgency of the problems we face in building and preserving our living places, these issues -- important as they are -- could quickly be resolved, clearing the way for concerted action on real tasks.

I have said that managing human settlements in Canada must call forth a truly national effort and by that I mean not only a co-ordinated effort of all of the governments in the country but of private citizens as well -- individually and in organizations such as yours.

I am inviting you now -- as the Community Planning Association of Canada, and as one of the largest and most active divisions of the Association -- to consider what resources you have to contribute, what part you have to play.

I suggest to you now that if you can help the people of Canada to understand and accept the magnitude and urgency of the problem of planning and managing human settlements and help provide a vehicle for harnessing their energies, ideas and influence, that would be a truly worthwhile contribution.

Remarks by
the

Hon. Ron Basford

Minister of State
for Urban Affairs

Discours de
l'honorable
Ron Basford

ministre d'État
chargé des
Affaires urbaines

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ADDRESS BY
THE HONOURABLE RON BASFORD,
MINISTER OF STATE FOR URBAN AFFAIRS,
TO THE
NATIONAL TRI-LEVEL CONFERENCE ON URBAN AFFAIRS,
EDMONTON, ALBERTA,
MONDAY, OCTOBER 22, 1973

Mr. Chairman:

If we are going to keep up with the housing needs of Canadians over the next decade - the needs of new families being formed, the need to replace substandard dwellings lost through demolition - even without immigration, it appears we are going to have to produce some two million five hundred thousand housing units. When we consider the land that will be required on which to build this housing, it becomes very evident that housing demand is very closely related to the problems of urban growth, its rate and the pattern of growth.

We must ensure that people are housed at a cost they can afford. We must ensure that within appropriate regional strategies an increasing flow of serviced land is available to meet our housing needs over the decade.

It means also that we must increasingly be concerned about how this necessary expansion is to be accommodated within national, provincial and municipal growth strategies. We must give more serious attention - at all levels of government - to where this growth is going to take place, the rate at which it can be accomplished, and the pattern which it is going to follow.

Meeting our housing needs over the decade presents us with a challenge - and an opportunity - to use land in a planned, intelligent way to enhance the quality of our cities and towns and the community environment in which people live.

Housing

Towards that end, since this conference last met, Parliament has enacted some far-reaching amendments to the National Housing Act which create new programs, offering new kinds of help, particularly to low-income people, that give them a wider choice than ever before about the kind of housing they will occupy and how they will occupy it - as tenants, home owners, or members of co-operative organizations. They are designed to improve the community environment, by improving and rehabilitating run-down urban neighborhoods or creating new communities, either in the hinterland or within the orbit of existing cities. There are provisions for extending the useful life of existing housing through rehabilitation, thereby relieving the pressure on new housing, and more generous and useful terms for the public assembly of land. More and more people everyday are arranging, through their local Central Mortgage and Housing Corporation office, to get help in buying their homes. The Assisted Home-Ownership Program makes loans and gives grants to people with modest incomes who need help. Depending on the family's income, and local housing

prices, this kind of assistance can bring down mortgage financing costs to as low as six per cent. We already - within the first few weeks - have applications from more than three thousand Canadian families for this kind of loan. We expect next year Canadians will avail themselves of nearly one hundred and fifty million dollars in loans under this program.

In other programs in which the federal government deals directly with the people - housing acquired through non-profit corporations or co-operatives - there is equally good progress. Substantial numbers of organizations have applied for the federal start-up funds which are available to help get these projects going. We are proposing to hold meetings and seminars throughout the country, to bring together people who may be interested in making use of these programs and to provide them with the information they need. I would hope you would use every available occasion to help spread the word and get these programs moving in your area.

Progress has not been so fast in those programs which require federal-provincial agreements to get started. We have, however, concluded an agreement with the Government of Alberta to get the Neighborhood Improvement Program going there. Not too long ago, I had a most useful meeting with the Honourable David Russell, when we agreed that the federal NIP funds would be made available to the Canora neighborhood in Edmonton and Inglewood-Ramsay in Calgary - as well as two areas

to be designated by the province in other municipalities. I have reason to hope we will be entering into a similar agreement very soon with Ontario and I expect other provinces will not be far behind.

The Residential Rehabilitation Program - which provides up to five thousand dollars in federal loans and grants, depending on the owner's income and extent of necessary repairs - is designed to be used within neighborhood improvement areas but it can also apply in selected areas under federal-provincial agreements. We have opened discussions with the officials of all the provinces about this program, but it is essential that we reach agreement soon on the areas to be covered, if we are to make any headway this year.

Both these programs are urgently needed by people living in deplorable urban conditions, and we should move quickly to get this money out to people who are waiting for it. I would like to say now, to all the governments represented today, that I - and all my officials are prepared to meet anybody, anywhere, anytime - if that is what it takes to get these programs moving.

Land

I would like to emphasize one program particularly - the land assembly program under which the federal government lends money to

provinces and municipalities at favourable terms and interest rates, or enters into partnership agreements, for the public assembly of land for housing. I am particularly concerned about this program because, in my mind, land - and particularly land prices - are the major element in housing costs.

There is just not enough good, serviced land coming on the market each year to meet the growing demand for housing. The result of this scarcity is that selling prices are often completely unrelated to the cost of acquiring and servicing land.

The prime cause of this scarcity is one which I think the municipal delegates to this conference will recognize immediately.

The municipal governments, through their land use regulations and procedures, effectively control where and when and how much serviced land comes on the market.

I know very well that opening up new land for housing presents some very difficult problems for municipal governments. The provision of major trunk services costs money and these costs are largely borne by the existing residents of the municipality in their tax bills. New housing puts an additional burden on the cost of social, and education and transportation facilities which the municipality provides to all its citizens. Below a certain level of assessment, new housing units represent a net charge to municipal taxpayers.

In these circumstances it is not surprising that many municipalities are reluctant, or unable, to take on the extra cost associated with new housing developments, particularly if it is extended to provide housing for the average Canadian. The few developers, who do get their land serviced, virtually have a monopoly and the price of land then becomes whatever the traffic will bear, completely unrelated to its cost.

The obvious solution is to free this locked-up land and get it onto the market.

I addressed this problem at the federal-provincial conference on housing last January. And I proposed that all of the governments in Canada should get together and develop a joint strategy which would allow us to intervene effectively, through the public assembly of land, to increase the supply and stabilize prices. That will evidently take time and we have in our hands already the instruments we need to make a quick and effective attack, in the most critical areas. I am referring, of course, to the existing land assembly provisions of the National Housing Act, which we recently amended and improved.

The new communities program, which was introduced in the 1973 amendments, provides a broad range of federal assistance, but, because of the scale of such projects, it will probably be most effective in the mid-term and in the long-term. New communities can effectively

remove pressures from existing urban centres, but they should, of course, be undertaken within the context of an agreed regional plan and a growth strategy.

What I would like to put forward for your consideration today is that we should apply the provisions of the land assembly program in a more effective and a more generous way, in order to remove some of the financial constraints which have discouraged municipalities from entering enthusiastically into land development.

We have one hundred and eighty million dollars in our land assembly and new communities program allocations for the next fourteen months, and if we can work together, I believe we would create substantially more publicly-developed serviced land. What I would like to suggest to you is that - with your concurrence - we would apply land assembly funds, on a priority basis, to those public projects which adhere to a set of guidelines upon which we would agree.

I would like to suggest to you that the guidelines might be these:

* Land assembly has been criticized as making a profit for the governments involved. For this reason, even where land is sold or leased at or near market prices, the governments participating should not retain profits

but would put them back into the market - at no cost to the municipality - in land for open space, community facilities, school sites, and other amenities. Any remaining profit, after these lands are assigned, could be applied to the capital cost of community service buildings.

* First priority in the allocation of federal funds will be given to lands that can be brought quickly onto the market.

* Land would be made available free of charge within the project for a reasonable proportion of public housing.

* Prices for the sale or leasing of land for modest income housing would be at - or close to - cost, and, for more expensive units, market rates.

* Provinces or municipalities would be allowed to defer interest on federal land assembly until the land is actually marketed.

* We are prepared to assist provinces which undertake land assembly, and also to assist municipalities who wish to do so and have provincial approval.

* We are prepared to finance as part of the land assembly costs, the installation of off-site connecting trunk services.

I would like to emphasize that I am not proposing new legislation. These objectives could be achieved very readily within the amendments to the land assembly program which expanded its usefulness.

What I am proposing is that we agree to use this program to initiate land assembly projects which would be more attractive and advantageous to municipalities and which would remove some of their concerns about the financial burden involved in new residential developments. It seems to me, if we are going to be in the land development business, we should be setting the example for the private sector - not simply imitating their methods. Hopefully, we will break the financial bottleneck that has restrained municipalities from opening up land - and establish a style and method of development to which all private developers in the country would be obliged to conform.

I would hope we might agree today on the principles of this proposal and then, as soon as possible, adopt a set of guidelines which would quickly stimulate land assembly and unlock some of our good residential land.

I think it is quite evident that taxation policies, at all levels of government, have a significant bearing on land development and can encourage, or discourage, land owners in putting their land quickly onto the market. For example, I am thinking about land which is no longer being farmed, which is suitable for residential development, and yet is being taxed as farm land. Or, to give another example, valuable pieces of downtown land which could be used for residential purposes but where the owner, for his own purposes, is using it as a parking lot and is taxed accordingly.

I believe that one of the decisions of this conference should be to have the appropriate officials at each level of government examine our tax policies in this area to see how they might be modified to better serve our objectives of properly managed urban growth.

At the same time, as a complementary measure, I am proposing to set up federally-supported research and development aimed at producing new technology to reduce the cost of servicing land for housing. All governments have a role to play in the development of innovative solutions to the problems of housing and urban growth. We should encourage the development of different land-use concepts which would permit us to make use of all available land - and I am thinking of such things as air-rights over non-residential land, in-fill lands and the use of obsolete industrial sites. CMHC is permitted under the recent NHA amendments, to play a much

bigger role in this kind of work and to share some of the risks involved in experimental projects. I have already received a number of proposals regarding such projects from municipalities and they are being given serious attention. I would like to have more. In the context of the 1976 U.N. Conference on Human Environments in Vancouver, I hope we can develop with you an exemplary Canadian urban demonstration program.

Sewage Treatment

I would like to deal now for a few minutes with another activity very closely related to land management, and that is the federal government's sewage treatment assistance program.

As you know, I have already given the assurance that such a program will be continued beyond March 31, 1975, the date on which current forgiveness provisions are to expire.

The program has been under review since early 1970 to make it as helpful and effective as possible in all parts of Canada in terms of present-day problems and long-term needs. This program can have an almost incalculable effect on the character and quality of urban life in Canada. On the one hand, it is - and can be even more so - a powerful instrument for preserving and enhancing our natural environment. At the same time - since it provides an essential part of the framework of every community - it is an extremely useful tool to be applied to the management of urban growth.

Now that our review of this program is completed, I would like to discuss with you briefly the directions in which we are headed. After further consultation, I would propose to introduce the necessary legislation in Parliament, early in the new year.

With the objectives of improving the environment, assisting the management of growth, increasing the supply of serviced land, and directing resources to areas of greatest need, we are proposing these measures:

* First, because of their strategic importance in opening up land, we are proposing to include within the sewage treatment program, assistance for trunk sewers for storm water, where these are used to create new developments. Storm sewers have not been included in the program up until now. Their inclusion will help increase the supply of serviced land and thus affect lot prices.

* Second, we have recognized the problems encountered by small towns where, because of the limited population, the cost of installing sewage systems puts a very high per capita burden on the individual taxpayer. For these communities - and places where, because of the topography, costs are unusually high - we want to provide additional

assistance to make the program more equitable across the country. This assistance may take the form of a grant additional to the usual 25 per cent forgiveness to bring the per capita capital cost down to an acceptable level. In so doing, we don't want, however, to displace any similar assistance which the province may be providing. Rather we want to supplement it.

* Third, should the occasion arise where we have allocated all of our loan funds and a province or municipality wishes to undertake additional work, it may borrow elsewhere and receive from CMHC a grant equal to the 25 per cent forgiveness.

However, without waiting for the legislation, a number of useful measures are being undertaken now. CMHC is reviewing its current restrictions regarding the minimum size of trunk sewers and revising its septic tank policy to make it more adaptable to the needs of small communities in rural areas.

I am well aware of the substantial cost burden which municipalities must bear with traditional ways of collecting and treating sewage. We are stepping up our research in sewage technology and are giving CMHC

greater scope in helping to develop, test and evaluate new systems, particularly those which could reduce costs. You are probably aware of the impressive progress we have made in developing a new sewage and water recycling system which could have very significant implications, particularly for rural and remote regions.

I would hope that the new sewage treatment program would be implemented through federal-provincial agreements which would incorporate provincial growth strategies and water management plans as a basis for establishing funding priorities, program planning and operating arrangements, and financial arrangements of the two governments over three years, or more.

Conclusion

In conclusion, let me just summarize briefly where we are and what remains to be done.

Our programs of direct assistance to people - assisted home-ownership and non-profit and co-operative housing - are in operation and the initial response has been enthusiastic. We are increasing our efforts to make these programs known and understood in all parts of the country - and I hope you will join us in this effort.

Much of the work that remains to be done involves consultation, co-operation, and joint action which can largely be accomplished by our officials.

Consultations have been going on with several provinces to advance our plans for a national locality-by-locality analysis of the housing needs of Canadians.

At a recent meeting in Toronto with the Ontario government and Ontario municipalities, I proposed to convene a national meeting to co-ordinate and agree upon a date system which will make all of our information comparable on a national level. This would not, of course, preclude each province gathering additional information at the same time to meet regional requirements.

My officials will be in touch with their counterparts in the provincial and municipal governments with a view to arranging a national meeting - hopefully in November - to share our findings and to agree on methods for quickly launching a co-ordinated effort.

As a matter of perhaps even greater urgency, I hope we can accelerate discussions which are now going on leading to federal-provincial agreements which will make the benefits of the Neighborhood Improvement and Residential Rehabilitation Programs available to the people of Canada.

And finally, I have suggested to you today three other matters which should engage our joint efforts, all of them directly related to the conference theme of managing growth. I am referring, of course, to a revised and improved sewage treatment assistance program, new guidelines

for the more effective use of land assembly, and a review by all levels of government of taxation policies related to land development and the management of growth.

I would hope that delegates would address themselves to these proposals so that we can obtain a commitment and a plan for some concrete action aimed at solutions of these problems.

Remarks by the Hon. Ron Basford

Discours de l'honorable Ron Basford

Minister of State
for Urban Affairs

ministre d'État
chargé des
Affaires urbaines

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THE CANADIAN CONFERENCE ON HOUSING REHABILITATION,
HOTEL SHERATON-MOUNT ROYAL,
MONTREAL, QUEBEC,
NOVEMBER 13, 1973

I am tremendously honoured by this invitation and for the opportunity to speak to this audience. I am honoured because you have collected at this Conference the who's who of the rehabilitation people of Canada. The Council, Joe Baker the Program Organizer, and all those people who have worked on this Conference are, in my view, to be complemented and congratulated on organizing this Conference in such an immensely successful way.

I was pleased to be able to have a part by way of some federal financing to help the Conference. But, the real credit goes to the Council and its staff. I have noted that your information sheet said everyone - in terms of participants - is welcome: academics, architects, building contractors, citizen and youth groups, civil servants, co-ops, homeowners, landlords, mortgage lenders, native people, planners, politicians, social workers, students and tenants. I would have hoped - speaking for my own profession of politics - that more politicians might have been here. I have certainly learned a great deal from this meeting and this encounter. I know from my associations with municipal leaders that many of them and provincial politicians would have valued

this experience too and learned from it. I would hope if there is another conference, there would be more politicians sitting in the back row listening as I have done.

I have made clear on many occasions, governments alone - and I think this is very clear and obvious - cannot solve, and in fact, should not solve all of the physical and social problems of our living places. Many of you are community leaders, and you have involved yourself with the people in your communities, listening, searching for consensus and trying to express the feelings and aspirations of your communities in practical plans and proposals.

Those in government - whether at my level or others - need to encourage and support you in your role as interpreters of the many needs and goals of people in your neighborhood.

You have met here for three days to discuss that important instrument - housing rehabilitation - in the context of neighborhood improvement.

I do not think I need to take the time now with this audience to spell out the terms of the Neighborhood Improvement Program and Residential Rehabilitation Program which were created by the recent federal housing legislation. They are now part of the law of Canada. They are available to be used.

But briefly, these are some of the highlights of NIP and RRAP which I will run through quickly:

- The federal government will contribute funds for the selection of neighborhoods;
- It will contribute for resident participation in planning and developing a neighborhood program;
- The federal government will pay 50 per cent of the costs, under the National Housing Act, of acquiring and clearing land for low-income housing and for social and recreational facilities;
- We will contribute to the cost of municipal services, such as water and sewer lines, street paving and sidewalks;
- We will also share one-half the capital cost of such facilities as community centres, day-care centres, parks and recreational facilities;
- We will assist the municipality in the development of occupancy and maintenance by-laws; and
- We will help with the cost of relocating persons dispossessed by the program.

Turning to Residential Rehabilitation - this program is intended to assist home-owners earning \$11,000 a year or less, and to help non-profit corporations and co-operatives. There seems to be a lot of misunderstanding about this program.

This Rehabilitation Program applies in three areas:

- NIP areas;
- Areas specially designated by federal-provincial agreement and
- To non-profit societies, wherever they are operating.

There does not have to be a federal-provincial agreement, and there does not have to be a NIP area for non-profit corporations and co-operatives to take advantage of the rehab benefits.

The program operates on the basis of a maximum \$5,000 loan to homeowners of which \$2,500 is forgivable for a family earning \$6,000. As the family income increases the amount of the grant is reduced.

Landlords and non-profit corporations qualify as well under the program but are subject to rent control to ensure that the benefits are passed on to the tenants.

In this country, successive governments have been concerned about the problem of bad housing and deteriorating neighborhoods. Those of you in the business and in the field know that the remedy applied in the past was generally total clearance of the area - whether it was slum clearance immediately after the war, or whether it was the old urban renewal program.

All that was before my time but I still go round to cities, meet with the mayor and he tells me - look what we've done with urban

renewal. There is a lovely Safeway store or a Dominion store, a 10-acre black-top parking lot and a Royal Bank.

This simply is not what urban renewal should be all about.

If the cities want that kind of program, they are not, while I am the Minister, going to get it under the name of a federal housing program. That kind of clearance, and that old cliché about bull-dozer destroying the social fabric of a neighborhood are no longer acceptable. Surely in this country our aim instead has to be the conservation and improvement of our neighborhoods to build on what we have.

That is what this whole new program is all about.

Beyond the question of housing and its immediate surroundings, I believe these two programs can be useful instruments in the management of urban growth in Canada and in the implementation of settlement policies in which, as a country, we are just beginning to develop. Within the context of provincial growth strategies, the Neighborhood Improvement Program and the Residential Rehabilitation Program along with other NHA programs such as Sewage Treatment Assistance - and the new changes I announced in Edmonton, new changes in land assembly - and other federal and provincial policies, must be used by governments working together and co-operatively to have a decisive influence on how, and where, and at what rate growth will take place in this country.

NIP and Residential Rehabilitation, particularly, can be applied to support a new redevelopment process in urban Canada. For several years planners have been faced with a difficult choice between more suburban development - with its awful impact on the ecology and its demands for long and expensive lines of services and transportation facilities to serve vast acreages of farm land - or more high-rise downtown development. Especially since 1966, many cities in this country have chosen redevelopment and very often - as you are aware - at the expense of existing dwellings and neighborhoods.

Many of the groups at this Conference have contributed to this change in policies from redevelopment to rehabilitation. As you know for some years we have been encouraging and supporting innovative proposals which were indeed the pilot projects for the new legislation. Many of these were case studies here yesterday and you have seen movies on proposals and plans. The Strathcona project - in the most densely populated square mile in Canada - in west-end Vancouver was the rehabilitation of a complete neighborhood. We are proud of what these people did. It was a credit to the Chinese and the Italian citizens of Vancouver that in fact three levels of government came together and accomplished something.

Those case studies all across Canada have served us, as policy makers, with opportunities to try to design some legislation which would be helpful. These experimental and developmental projects, and many others which I have not mentioned, have provided us with the necessary

experience in formulating NIP and Rehabilitation Programs. As a member of the Government, I am very grateful to all who have worked on these case studies and histories so that we could use them, or try to use them, in a legislative way.

Now that we have the legislation, the task before us is to get these programs operating. As you know, we can as legislators, as policy makers, pass all sorts of beautiful legislation which reads beautifully and looks beautiful. But it can also get tremendously mixed up in the process of implementation. Our challenge - it is your challenge as well as mine - is to make it work. We can take a piece of legislation that looks right, and wreck it in implementation simply because different conclusions are drawn from the same set of facts.

I don't want this to happen to our new housing laws. The new legislation sets out good proposals which were supported in Parliament by all parties. Amendments and changes were made to the Bill, but finally Parliament passed this legislation, gave it royal assent, and gave it out to the country. All parties share with me the urgent desire to make it work.

I want to deal with a number of ways that I think we can get the programs going.

The provinces - and I say this with no criticism - have had the legislation since January. They have had the operating procedures since either March or April. I said at the National Tri-Level Conference in Edmonton two weeks ago - and I repeat my words here today - that I

and my officials are prepared to go anywhere, to meet with anyone if this will help to get the programs underway. I hope over the next few weeks to meet with the housing and municipal affairs minister from each province and I will urge them to take advantage of these programs as quickly as possible. At present, I have an agreement with the Province of Alberta for the implementation of NIP and Rehabilitation. That is all.

Today, I say to the provincial housing officials who are here from other provinces, surely we can set ourselves a deadline by the end of the year to have these agreements and these programs implemented.

There are people in this country who want to take advantage of these programs. At the moment they cannot. Let us at least make sure there are ten arrangements in this country with the ten provinces to implement NIP and RRAP.

Second, I have asked CMHC to proceed with local seminars in each region to bring together groups and individuals who need to know about these new NHA programs. As you know because of the rail strike, I had to cancel a national seminar. These are now going forward on a regional basis instead. I hope that you will all go, I hope you will assure that you are invited. They are designed to stop talking about philosophy. They are sessions designed to take the new programs and operate them.

Third, one of the criticisms of the old urban renewal program is that it was administratively cumbersome and there were too many officials checking one another on it. We have tried to make the new NIP program as simple as possible. All that is needed is an agreement between CMHC and the provincial government. This agreement sets out the criteria for the selection of NIP areas and the funds which the federal government is allocating to the province. The province will select the municipalities eligible for NIP and will allocate a share of the funds to each municipality. The municipality in turn will be responsible for the selection of the neighborhood and with the help of the residents of the area, it will carry out the necessary planning and implement the Neighborhood Improvement Program. As we see it, this is a fairly simple process with a simple agreement which we want to sign with each of the provinces.

Fourth, we need to develop an evaluation process. I will be interested in proposals from your Housing Committee on suggestions for such a process. As the programs become effective we can then evaluate them and see what changes are needed.

Fifth, while the National Housing Act is designed to apply to all Canadians, its effect has obviously been aimed at largely urban and city populations. Apart from what we must do to develop better policies for rural housing and rural support for housing, I want to make it very clear that the programs, such as non-profit housing and assisted homeownership, are available. We intend them to be just as available to rural

areas as they are to urban areas. I would like to support experiments with rural rehabilitation through non-profit associations. Let me assure you there is nothing in the legislation to prevent a non-profit association from becoming involved in rehabilitation in rural Canada. I hope these associations will come forward with proposals. The federal government is prepared to develop rural housing policy, to develop experimental and demonstration and private projects in each of the provinces. I will be announcing a project for Newfoundland to apply assisted home-ownership and other program in parts of rural Newfoundland. I would hope the other provinces would follow this example which I will be discussing with them.

Sixth, there is a wealth of experience in this room and at this Conference in the non-profit field of housing, and I would like to reaffirm my interest in non-profit and co-operative housing. Just to quick remind you, the assistance provided under the new program to any non-profit or co-op group is a start-up grant of \$10,000 to help plan and develop the project, a 10 per cent grant on the capital cost of the project and 100 per cent loan at favorable interest rates for the remaining cost of the project. The provision of generous financing is not enough. Non-profit and co-op groups require administrative support, and advice and expertise on getting the project going, and then on its operation.

I think all of us here will agree that non-profit groups, co-ops, and indeed most resident organizations, have had to face excessive amounts of bureaucratic red tape and intergovernmental arrangements in order to implement their more innovative proposals and ideas. It takes too

long to get a project going. If the non-profit and co-op programs are to be effective in providing housing to low and moderate-income people, this must change.

Let me just tell you that the officers of CMHC are with me when I say, we must cut out the bureaucratic red tape and make it easier to get projects approved.

I want to repeat what I said in Vancouver a week ago Saturday about the co-op program. Through CMHC we must provide an administrative focus for co-operative housing, and I quote from my speech: By this I mean a senior level "Mr. Co-op" within the organization who knows the issues and can act as your man in Head Office. I would like to announce that CMHC is creating a new position of program director for co-operative housing. He will have the program responsibility of preparing and reviewing the guidelines by which the program will operate and will work closely with regional program directors and branch office staff in the co-operative housing area.

But, the Head Office is a long way away. When I was speaking in Vancouver - where we are very conscious of this distance - I agreed we need experts where the action is, not just three thousand miles away in a red brick building on the outskirts of Ottawa.

This brings me to the second part of the federal government's administrative response to decentralization.

The need to make expertise available where needed, is the reason behind my efforts to decentralize CMHC's administration. Co-op

housing in British Columbia is not identical to that in Nova Scotia. We need a man in each region who knows the local issues.

I would like to announce that in the new decentralized organization, each regional CMHC office will have a program director specializing in co-operatives. This man will be attuned to the problems facing co-ops in his area. He can help local groups learn about the housing business and how to translate the piece of paper called Bill C-133 into real dollars for planning and real housing for people. I think that this administrative response will meet the co-op needs. They are not just changes in organization. They are changes in our approach to co-operative housing needs, to better co-operation from the government - and you will get this co-operation.

But responsive co-operation is not enough. We cannot sit back within government and wait for co-operative groups to call us. We could do this with the professional developers who know exactly what they want from CMHC. But, as I have said before, co-operative groups are not professional developers.

CMHC experts will seek out and call upon groups who wish to make use of the co-operative legislation. You have my assurance this is the CMHC attitude and they intend to bear out that statement.

Further, in trying to cut out the red tape and bureaucracy, CMHC is also streamlining and strengthening its organization for a faster and easier delivery of the NIP and Rehabilitation Programs. We will be appointing shortly a program director for NIP and Rehabilitation to provide

greater direction and co-ordination for these two programs at the nation level. In addition, CMHC proposes to decentralize authority to its regional and branch offices to ensure that qualified NIP and Rehabilitation officials are available in each CMHC office.

Seventh, concern has also been expressed at this meeting and in other places about the capital budget of CMHC - that it is not large enough to sustain an adequate program of NIP and Rehabilitation. When I announced the projected figures last spring, half the people in this room felt the budget was not large enough. But, we are almost through our fiscal year and those amounts which you criticized as being too low, are still not used. My immediate concern is to get the programs going, and to me this is an immensely serious situation which we have just got to overcome. Many of you said that the \$100,000,000-a-year committed in forward planning for land assembly was not enough. I would like to see it more, and I shall continue to fight to make it more. But, that \$100,000,000 is nowhere near spent in 1973 and there is only a month and a half to go.

It's the same with NIP and Rehabilitation. Quite obviously if I have only one agreement with one province, the budget which you criticized as being too low cannot be spent. So my concern is to get the programs implemented - the funds are available.

Soon, officials of CMHC in their budgeting process will be discussing with the provincial officials their requirements for these new programs in 1974. From those discussions we will be able to develop a

national budget requirement for next year. So really what I am saying to you is rather than criticize the budget, let us get on with the programs and then I will have something concrete to place before my own government as to the kind of budget and levels of support we need.

Eighth, in 1976 as you all know, Canada is hosting what will be the largest international conference ever held in this country. The United Nations Conference on Human Settlements, which is a conference evolving from the Stockholm Conference on the Environment, will be held in Vancouver. I will be going to the United Nations General Assembly next week to help in planning the budget for this conference.

This Conference provides a great opportunity for organizations active in housing to develop demonstration projects in housing and community design, technology and any number of related fields. This is a Conference and exposition and we will be developing in Canada and throughout the world, demonstration projects that will show concrete examples at this Conference how the nations of the world can solve housing problems.

The new amendments to the National Housing Act make special funding provisions for innovative and developmental projects by CMHC. The renovation of old neighborhoods is surely, in this country and throughout the world, a fertile field for such innovation. You people here today, as leaders of community groups, are in a unique position to come forward with ideas which are new and exciting and merit our financial support in terms of a Canadian demonstration project in the context of the UN Conference on Human

Settlements. While I've seen a few of the experiments in infilling and this kind of thing, I hope that you as community groups and your architects, your builders, your planners will come forward with other and new techniques because we want to support them, and I want to see that CMHC supports them.

Lastly, your afternoon session today is called "The Next Move". I've really tried to say, the next move is up to you - in your discussions this afternoon. This may be another conference or a communications system, or discussions of a real need for a kind of rehabilitation institute. It is up to you in many ways to decide how these programs can be quickly implemented and that is why I say the next move is up to you.

I also hope that after this Conference, your Housing Committee will be evaluating results and come up with some resolutions. I would be pleased to meet with your Housing Committee either in late November or early December to discuss the implementation of the ideas that flow from this Conference. It would be a tragedy if we all went away from here after these two days and let the whole subject fall apart.

I believe the Parliament of Canada has given you a pretty good piece of legislation. It's up to the civil servants here, to the community leaders, to the municipal and provincial politicians to see that it works. You have my complete support in trying to see that it works, but very much, the job as yours.

Thank you ever so much.

Remarks by the Hon. Ron Basford

Minister of State
for Urban Affairs

Discours de l'honorable Ron Basford

ministre d'Etat
chargé des
Affaires urbaines

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HOUSING AND URBAN DEVELOPMENT
ASSOCIATION OF CANADA

HALIFAX

FEBRUARY 4, 1974





I am glad to be in Halifax for this annual conference of the Housing and Urban Development Association of Canada.

Last year I spoke to you about the federal government's housing objectives. I talked about plans for land assembly, for major amendments to the National Housing Act, for legislation to provide additional financing mechanisms and institutions to put more money into the residential mortgage market and our plans for tri-level conferences.

It is not recommended practice - especially for politicians - to remind one's audience of past speeches. But, since all of these plans have now gone forward this is one time when I am delighted to discuss the ideas I put before you last year. Today I want to tell you how these programs are working and describe some recent developments in the Canadian housing picture.

But first, let's look at a few statistics. You are all well aware that 1973 was a record year for house construction - more than 268,000 units were started.

Now the only group I know that is more often maligned than builders is politicians. I think that politicians are due some credit for this housing record but I want to congratulate the builders for overcoming the problems of material shortages and labour shortages to produce this remarkable achievement.

And the progress will continue. Before the end of March, somewhere in Canada, workmen will begin laying the foundation for the millionth housing unit to be constructed in Canada since 1970. And, on a summer's day this year, we will begin the four millionth housing unit started since the end of the Second War.

For the past five years we have been on target with the housing goals of the Economic Council of Canada, the Task Force on Housing and Urban Development, and the federal government -- as detailed in the 1969 Speech from the Throne.

In the coming year housing production in this country will be close to the 1973 level. The private financial institutions have indicated their total dollar investment for new and existing housing during 1974 will approximately equal the \$6.5 billion made available last year.

And I think that housing starts will also be close to last year's total. With the latest National Housing Act amendments and the complementary provincial programs in operation, and with the recent provincial reorganizations in place, I fully expect that with the public sector activity through CMHC we will have a level of housing production somewhat the same as in 1973.

But how important are all these housing start figures? Historically, we have had to develop policies and an industry primarily concerned with the numbers of houses. With the return of war veterans, Canada faced a desperate housing situation, and the only thought was to get more houses. The crisis had deep human implications, but it was reduced to a mathematical race.

A lot of water has gone under the bridge since then.

As a result of twenty years of cooperative effort we can now say that we can win the housing numbers race.

Our data show that an annual output of 235,000 housing units is needed for the foreseeable future. Last year's 268,000 starts show that we now have the capacity to cover the yearly increase in the number of families, the formation of non-family households, and to replace housing which is either destroyed or abandoned.

Of course we cannot become complacent about numbers but we must focus our attention less on numbers and more on housing access and quality.

There are still thousands of Canadians who do not have access to adequate housing. Our recent NHA amendments are intended to meet this social housing need.

Ten years ago one in seventy units was slated for the low-income population group. Today one of every seven units is intended for low-income Canadians. We have multiplied ten-fold our ability to provide suitable housing for low-income families and individuals.

There are at the present time roughly 130,000 units of public housing in Canada, another 150,000 low-rental dwellings financed under other features of the National Housing Act plus 115,000 hostel beds.

The substantial opportunities created by the NHA amendments for cooperative and non profit groups offers a wider choice of accommodation and tenure to lower-income families. As I have said many times recently, we are convinced that there is a great deal of unrealized potential in cooperative housing as a means of providing housing for people of low income. Cooperatives are capable of meeting the needs of many special groups of people and they deserve all the encouragement possible.

And one of my favourite new programs -- Assisted Home Ownership -- is making it easier for low and moderate income Canadians to purchase their own home.

This program provides interest rate subsidies -- through preferred rates and direct grants -- that vary with family income. Through this program the effective interest rate can be brought down as low as 6% -- compared with the current market rate of around 10%.

From all indications, this program is becoming very popular with Canadian families and with builders. Although AHOP has only been in operation since October, the response has been almost overwhelming.

CMHC has approved AHOP loans totalling \$150 million involving 7,500 units. Before the end of this year, I expect to see a total of 18,000 units committed under AHOP. I am determined to make available as much money as possible through this program.

Activity under AHOP provides an excellent opportunity for builders in all parts of Canada to get involved, to turn more of their efforts into construction of houses that fall within the AHOP price ranges, to come up with and utilize new designs to fit the program -- alterations to standard single-family designs will not do the job -- and to pay more attention to condominium development, a method of housing which is growing in popularity and which is ideally suited for the AHOP program anywhere in the country.

Although considerable progress has been made in providing social housing, there still are Canadians who live in deplorable housing conditions. And, one of the worst housed groups remaining in Canada are the native people.

The federal government has adopted many new policies aimed at changing this situation; the emergency repair program has operated for three years, providing grant money to Métis

organizations to repair the very worst housing for low and no-income Métis families, the amendments to the National Housing Act have provided additional assistance under the non-profit, co-operative, assisted home ownership and the residential rehabilitation programs.

We have provided core funding to the provincial Métis associations so that they could take advantage of the available programs.

But our present programs have not solved all the native housing problems. To determine what further improvements can be made I have consulted with the Métis organizations and with the provinces most concerned and I have discussed the matter extensively within my own government.

During the course of these discussions I have become convinced of two things:

- first, that the Métis people must be involved in the planning, designing, and construction of their own housing projects. This will provide the chance to develop skills in the housing field and will provide the kind of housing most suitable for native people.
- second, the federal government will have more funds available for native housing projects than the native organizations will be able to use --

organizations such as Kineo in Winnipeg, Canative in Edmonton, the Saskatchewan Métis Housing group and the B.C. Métis Housing Association.

But housing cost increases do not affect only low-income Canadians.

All three levels of government, federal, provincial and municipal, must work together to reduce costs. We all recognize the cost implications of holding land while a builder tries to find his way through the maze of applications, reviews and approval that are required.

Municipal and provincial governments should re-examine their growth strategies, the restrictive zoning regulations, and particularly the bureaucratic processes involved in approving development permits. We cannot afford excess red tape, and any means these levels of government can find to reduce the time consumed in this process will be reflected in land costs.

And dialogue and co-operation between builders and local governments must improve. Projects must obviously conform with overall development plans, and these aims must be co-ordinated prior to the application process, not as a confrontation late in the process.

For its part the federal government is taking several specific actions to reduce costs and improve the quality of the housing environment. Most of these initiatives are directed at land because it is the area where governments can exert their greatest long term leverage.

1. land assembly: Last year I committed \$100 million a year for five years. I am happy to report that since my announcement, all provinces have responded and we have committed \$150 million for the public assembly of land. This program has been modified with quick-start provisions to encourage municipalities to get land serviced and on stream as soon as possible.

Now I know that many builders are not enthusiastic about public land assembly, but the fact remains that every government in Canada is convinced that the shortage of available serviced land is one of the most serious difficulties we are facing. And it will take the concerted efforts of all involved, including builders and land developers to bring enough serviced land on to the market to stop these persistent land price increases.

2. sewage treatment: I have given my assurance that the present program -- which significantly reduces the cost of providing serviced land -- will be continued past its March 1975 expiry date. The new legislation that I will introduce this session will provide incentives to accelerate construction and will extend the assistance to cover storm as well as sanitary sewers.
3. new communities: The creation of a new community on publicly assembled land outside a major centre serves a double purpose: it provides cheaper land for prospective home-owners and relieves demand pressure on land in the parent city. We hope that the provinces will take advantage of this program.
4. neighbourhood improvement: This program will make the refurbished older neighbourhood a viable alternative to the more expensive new suburbs. We now have close to \$40 million committed under this and the residential rehabilitation program.
5. railway relocation: We will introduce legislation this year to provide access to the most valuable under-utilized lands in the country -- namely the railway lands in the middle of cities.

6. financial mechanisms: Bill C-135, which provides enabling legislation for Mortgage Investment Companies was made law last month. Already two such companies are about to begin operation. We are confident that these new companies and the Federal Mortgage Exchange Corporation will bring more money into the residential mortgage market.
7. innovation: The new housing act has a substantial developmental program to help share the risks of developing new housing techniques. Ideas are needed from builders. We will help you to make promising ideas into reality. The United Nations Conference on Human Settlements that takes place in Vancouver in 1976 will focus world attention on demonstration projects that Canadian architects and builders can produce and I urge you not to miss this opportunity.

I hope that the initiatives that I have described will help make 1974 a landmark year in terms of improvements to housing access and housing quality.

I also hope that 1974 will be seen as the year that Canada implemented a system of home buyer protection.

I want to address the rest of my remarks to this topic.

Purchaser protection for new homes is an issue of great importance to governments, to the building industry and most certainly to the Canadian home buyer.

The federal government since 1968 has made great strides in the area of consumer protection. I'm sure you are aware of the legislation on hazardous products, packaging and labelling and weights and measures. It thus seems incongruous that in a country where even the simplest household appliance, like an iron, carries a full year's warranty, a house -- which is usually the largest investment made by a family -- carries no such buyer protection.

Some may say, "With the National Building Code who needs a code for protection?" It is true that the National Building Code insures, if it is followed, that the house is safe and does not constitute a health hazard.

But this does not ensure consumer satisfaction. I suggest that houses should not -- and are not -- built merely to a minimum standard.

Each house should be built to the level of quality and performance that the builder and the purchaser have agreed on at the time the house is sold.

A warranty would then provide an obligation that the house has been built as agreed on and that the builder will remedy defects arising from failure to perform to that level.

The federal government made some progress in providing home buyer protection last year. The amendments to the NHA provide limited protection for the buyer of an NHA financed house. If the builder goes bankrupt before completing construction, CMHC will pay the full cost of completing that house according to the original plans. However, these steps are not enough.

I would like to see established a national system of purchaser protection. And the federal government is determined to do all it can to establish a system which will ensure good quality for new construction, and an efficient and quick remedy in the event of failure to provide this quality. Perhaps we could take some direction in developing this system from the building code that Hammurabi of Babylon enforced some 3000 years ago.

"If a builder build a house for a man and do not make its construction firm and the house which he has built collapse and cause the death of the owner of the house -- that builder shall be put to death. If it cause the death of the son of the owner of the house -- they shall put to death a son of that builder."

I'm sure such drastic steps need not be taken.

Considerable research has been done by CMHC and by HUDAC to find a more acceptable scheme than Hammurabi's.

A joint committee of CMHC, HUDAC, and the federal department of Consumer and Corporate Affairs examined growing consumer expectations in the purchase of new homes, and different consumer protection schemes in operation in various parts of the world. They recommended the establishment of a system similar to that operating in Britain.

The conceptual outline contained in that committee's recommendations has been agreed to by the federal government and endorsed by HUDAC. Our subsequent studies have identified the various alternatives for developing the system of consumer protection.

They are:

What are these alternatives?

1. Independent action by the provincial governments;
2. Creation of a partial warranty system by the federal government;
3. Establishment of an industry-run warranty and insurance system, or finally
4. The development of an independently-run warranty and insurance system representing the interests of all concerned: The federal and provincial governments, the building industry and the consumer.

It has become quite evident that several provincial governments will act soon in this area of purchaser protection.

The Government of Manitoba has established a commission to advise it and recommend a course of action, while the Government of Ontario has already received recommendations from its law reform commission.

There is little doubt that unless some credible national scheme is established some or all of the provinces will amend their laws relating to the sale of homes to provide for a legislated warranty. While this would be effective in some respects it would be extremely difficult to establish a simple system of arbitration and settlement. Furthermore all the laws and law suits in the world cannot protect a purchaser against a bankrupt builder nor ensure that during the course of construction a house is properly built.

To ensure that some protection is provided nation-wide for home buyers, the federal government acting alone could attach a warranty to every NHA loan. This would only cover a percentage of Canadian houses. But, lacking other action, I am prepared to recommend this type of warranty scheme in an area of growing concern to all home buyers.

An alternate possibility would be the establishment of an industry-run warranty and insurance scheme. But this scheme would not have any jurisdiction or authority over government housing and would have, I assume, little credibility with governments and consumers.

The final alternative is to establish an independent council to administer and provide a nation-wide new home warranty and insurance scheme. It is this last alternative to which the federal government will grant support and which is the most attractive to me. It would

- provide one universal scheme for Canadian home buyers,
- provide the opportunity for all interests concerned to work together, governments, the building industry and consumers and,
- provide the opportunity for these varied interests to benefit from each others' experience to develop the best possible scheme for Canadian home buyers.

The Federal government is determined that a Canadian warranty system will be developed quickly. And so, we are prepared to provide considerable organizational and financial support for the creation of a National Home Warranty Council. This Council would incorporate the following elements:

1. registration of builders to ensure their competence and responsibility;
2. physical inspection by agents or employees of the Council of the housing unit during the course of its construction. This does not mean there will be another layer of inspection. The design of the system would have to be such that duplication of inspection would be avoided but tailored to meet the needs of the warranty;

3. the provision of standard builders' warranties expressing clearly defined legal liability for the quality of the product when completed and for its continuing performance after occupancy for a reasonable time;
4. simple conciliation facilities to resolve disputes between builder and owner on questions of non-performance;
5. insurance of the consumer against failure of the builder either to complete the structure or to honour the warranty;
6. insurance of the home purchaser over a more extended period of time against major structural defects arising through any cause not otherwise insurable.

To ensure that the National Council will properly reflect the needs of the consumer, all concerned groups must be brought together and have the opportunity to participate in the formation of the Council. To achieve this, I propose that an interim committee be established -- composed of representatives of the various governments, the building industry, and consumer organizations -- to consult with all interested parties.

I propose to call a meeting of the interim committee some time in March so that detailed development of the plan can move ahead quickly.

The federal government will provide financial support for the work of this interim committee, and Central Mortgage and Housing Corporation will assist with administrative requirements in any way possible.

There are many areas which will have to be discussed: Method of registration; procedures for de-registration; term of the warranty and subsequent insurance; builders' liability; cost to the builders and the home purchasers; standards of construction; inspection procedures; conciliation and arbitration, and legal considerations.

I know that I have outlined a very ambitious task. It will obviously require a very strong commitment from everyone concerned. It is because of the very substantial agreement we already have on many of these vital issues that I am confident the task can be completed quickly.

I would like to emphasize however, that if for some reason the development of this scheme does not move forward as hoped the federal government intends to provide at the very least purchaser protection for all housing built under NHA financing.

I urge you to endorse the concept and proposals I have suggested, and work within this format both individually and as a national organization.

We have made great strides in home building in this country to date -- now let us make 1974 the year that we gave Canada a comprehensive system of home buyer protection.

Thank you.

Remarks by the Honourable Barney Danson

Minister of State
for Urban Affairs

Discours de l'honorable Barney Danson

ministre d'Etat
chargé des
Affaires urbaines



For Release: Sept. 9, 1974 -- 2:30 EDT

A publier:

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es for remarks

the

th International Conference

Urban Transportation

tsburgh, Pennsylvania

day, September 9, 1974

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The urban transportation user is looking for more than the traditional bus ride. He wants a number of his needs satisfied. Speed. Efficiency. Cleanliness. Economy. Dependability. Regularity. Safety. Attractive, pleasant vehicles. And all that for the least possible bite out of his tax dollar.

Actually, we are really talking about all those men and women who drive to work and back again in the family car, occupying space that could easily take another four people. We must provide attractive options to the automobile. What the consumer wants is the same, or close to the same, kind of comfort and door-to-door convenience that his automobile provides.

It is going to take a lot of encouragement to convert the automobile addict to the righteous path of public transportation -- in spite of the threats posed by energy and environmental factors.

However, I think it can be done. With vigorous government policies and with innovations in vehicles and systems from the transportation industry.

Underlying that fusion of public policy and private innovation is the need for new criteria to determine what the consumer will accept.

The important phrase is "quality control" because the consumer will select the best system, among the options presented to him.

Public transportation is in direct competition with the family car. Policy makers have to face that fact, however painful it is, and respond to it sensibly.

The private automobile is the benchmark for judging public transportation acceptability, at least in North America. The provision of a bare minimum of public transportation is not an option if we acknowledge that we have to compete in a market place dominated by habitual automobile users.

What we are trying to do in Canada is to meet consumer expectations in a federal state with three levels of government. That situation calls for responsive policies and a great deal of intergovernmental cooperation and consultation.

In Canada, government has learned a great deal recently about how people regard airports -- especially from the families who live near them, or who may wind up living close by. And we know, too, what the air travel public expects in the way of terminal facilities and in city-airport transportation. We know that the air travel consumer not only wants to be consulted. He expects to be consulted, and is very insistent in this demand.

In planning and developing urban public transportation systems it's just not good enough to wait for consumer complaints. The consumer's needs have to be injected into the process at an early stage.

We learned a lot from airport planning because the people who travel by air are not the type to accept a situation quietly.

We haven't learned as much from complaints about urban transportation because users appear to tolerate inefficiency and inconvenience without complaint to a much greater degree. They tolerate this abuse, but all the while they are looking quietly for a better way to travel. Too often that turns out to be the family car.

We are striving for a high degree of citizen participation in urban planning and development. There is no reason why that same process should not be part of the planning and development of urban transportation.

In Canada, the federal government is moving to create a new kind of transportation age. It is one in which the consumer is to get priority attention; one in which national goals and local needs are to be meshed.

The government is responding to expressed consumer needs with new policy initiatives. But equally, it is responding to the need to use urban transportation as a lever to manage urban growth.

We are determined to change current trends which are concentrating Canada's population overwhelmingly in just three centres. We are determined to get more balance into our urban system ... so that medium size and smaller communities can prosper, so that our larger centres can cope with growth rather than letting it get out of hand.

We are determined to use federal transportation policies, which are sensitive to the urban requirement, in a massive but selective fashion, and as a tool to ease growth pressures on urban centres.

Perhaps I could detail some of these policy initiatives for you now?

We are creating a National Urban Transportation Development Corporation. This agency was first proposed at our second national tri-level governmental conference on urban affairs last October. For the Corporation is to be a partnership of the federal government and the provinces ... and the federal government will not be a majority shareholder. It will be a joint venture operated by the federal and provincial governments, and responsible to them, on behalf of all Canadians.

We have been consulting with the provinces since last October on the details of setting up this Corporation. Now, we are well into detailed negotiations on the role of the agency and what it is to do. And it looks as if all provinces will be partners with the federal government in this new approach to meeting transportation needs.

Spin-off, in terms of research and development, and the strengthening and expansion of our domestic hardware and software transportation industries is an essential objective. This is of particular importance in a country with a widely dispersed population and a huge land mass to contend with.

The Corporation will be a national agency to marshall our scientific and industrial resources to the task of meeting most of Canada's needs in public transportation. It is to co-ordinate the research, development, promotion and marketing of systems and their components for a domestic market estimated conservatively at five billion dollars over the next 20 years.

It will also enable Canada and Canadian industry to compete successfully in foreign markets, particularly those which share our climatic conditions and consumer orientation.

A second initiative has to do with railway relocation. Both Canada and the United States used the railway to develop the national transportation and communications links which were needed so desperately in the late 19th century. And, for a long time, railways contributed to the prosperity and vitality of the commercial and industrial hearts of our cities.

Time has overtaken that historic relationship. Railway tracks, yards, and other facilities in many cases now constitute serious obstacles to urban development and redevelopment and are a source of pollution and urban ugliness.

Our federal Railway Relocation and Crossing Act, which became law on June 1 of this year gives the federal government the power to order the relocation of railway lines and facilities where they constitute such an impediment.

This measure is being implemented in consultation with the provinces to ensure their priorities and urban regional strategies are taken into account.

The Act is in many ways a land use measure. But it is also a transportation measure. Municipalities proposing a railway relocation scheme must submit an acceptable urban development plan and urban transportation plan before federal support is forthcoming.

Further, the federal government can now order a railway to allow the use of its tracks by another public transportation agency. And that particular clause means a great deal in terms of encouraging new and improved commuter rail services where appropriate.

Land freed by railway relocation can be used for housing, for green spaces, for recreation areas, for rapid transit corridors, or a mix of all these. And the juxtaposition of urban development and urban transportation plans gives the kind of land use-transportation relationship which is so necessary at the urban regional level if urban sprawl is to be arrested and urban growth managed effectively. There is a high degree of provincial and municipal interest in the provisions of the Railway Relocation and Crossing Act.

During Canada's recent federal election, wide ranging transportation proposals were put forward by the present government.

Those proposals will be getting legislative action in the coming sessions of the Canadian Parliament. The cost of these proposals has been questioned, indeed to some it may be staggering. But it is not prohibitive. The cost of inaction is incalculable ... in both social and economic terms.

Similar fears were expressed when our first Prime Minister, John A. Macdonald, proposed a transcontinental railway system ... a system which has welded us together as a nation and which made our federal system possible.

These are people oriented proposals that the government feels will herald a major shift in urban transportation in Canada. Briefly, they involve federal support to municipalities for the design and financing of top quality city and suburban transit systems. It is estimated that in new urban transit vehicles alone, Canada will be spending at least \$100 million a year.

The federal government is to work with the provinces and urban and suburban governments to develop transportation systems which will best contribute to acceptable forms of urban development.

Where there is agreement among the three levels of government on new transit systems (those that will contribute to good urban design and add to the quality of the urban environment) the federal government will pay 100 percent of the cost of new vehicles and 50 percent of the cost of new stations and platforms.

The federal program also calls for the Canadian government to cover 25 percent of the capital cost of all vehicles purchased for public transit within cities each year.

Support will also be available to encourage Canadian design, engineering and financing of urban/suburban transit vehicles, systems, machinery and equipment. Parenthetically, let me note that this is one of the tasks set out for the National Urban Transportation Development Corporation. Industry is to be encouraged to develop standardized systems, equipment and machinery -- elements such as telebuses and urban commuter trains. The agency will encourage the development and growth of Canadian design and engineering capability. Such support will provide the foundation for a new kind of Canadian passenger moving industry and the opportunity for greater interchange of transportation technology at the international level.

Innovation in urban transit is to be encouraged, including improved concepts for systems integration, traffic management, and public information. Demonstration projects are to be encouraged along the lines of existing projects, such as the Regina dial-a-bus program -- which has increased public transit use in that city and cut the operating deficit of the city's transit system; the Halifax and Toronto traffic management centres; Ottawa's staggered working hours experiment and exclusive work hour bus lanes.

All this broad ranging urban transportation activity is being developed with Canada's urban objectives in mind. It is also being developed against the backdrop of transportation principles adopted by the federal Cabinet.

Those principles are:

1. Urban transportation policies must take account of other urban objectives. In the past, there has been an unfortunate but understandable tendency to regard transportation in a vacuum - in isolation from other elements in the urban mix. It is obvious now that federal urban transportation policies must take national and regional growth strategies into account as well as industrial development strategies and factors such as social, economic, environmental and land use considerations.

2. Federal action must be coordinated both within the federal system and with other levels of government. The complexity of urban transportation is such that joint action between levels of government is necessary if sensible and economically efficient solutions are to be developed and applied.

3. Federal installations are to conform to local intentions and plans. Primary responsibility to plan for urban form and the location of urban activities rests with local government, as delegated by each province. At the same time, citizens are entitled to participate in the planning process as it directly affects their communities. For its part, the federal government has accepted responsibility to ensure, as far as is practicable, that its installations conform to local intentions and needs.

4. Regional and local differences in transportation requirements are to be recognized. Urban problems vary across the country. Federal transportation policies must be directed to those urban areas where federal participation is appropriate and useful,

bearing in mind the need for regional balance in federal programs, the need to encourage industry in economically deprived or remote regions, and to achieve a deconcentration of urban population and opportunities.

5. Transportation policy is to take account of the needs of all Canadians. Disadvantaged Canadians need access to public services even more than others. It may be appropriate to invest in transportation facilities for this reason even though, in this case, it may involve costs that outstrip revenues. The social costs of inaction would be far higher than any action to recognize the needs of the disabled.

The consumer and his needs are very much at the centre of these federal urban transportation initiatives. How well those needs are met will depend on adherence to the principles I have listed and constant vigilance to people's needs, not administrative convenience.

I am confident this can and will be carried out, indeed the government of which I am a member is wholeheartedly committed to this course of action.

Remarks by the Honourable Barney Danson

Minister of State
for Urban Affairs

Discours de l'honorable Barney Danson

ministre d'État
chargé des
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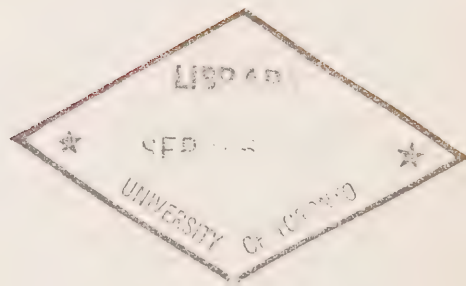
For Release: SEPT. 20, 1974

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Notes for Remarks
to the
Annual Conference
of the Canadian Real Estate
Association
Halifax, Nova Scotia
Friday, September 20, 1974



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I wish to thank you for providing me with the opportunity to meet you -- an important element of the housing industry. It is particularly appropriate at this time because it is imperative the real estate associations, builders and governments get together to mount an attack on the critical problem of escalating accommodation prices. But you must know where you are going and what are the intentions of the government. Some I will speak of today, but others must wait for the Throne Speech and the presentation of the Budget.

I want to talk to you today about the development and implementation of those urban policies. Equally important, I want to talk about the production and price of housing, the availability of mortgage money, the policies of the government and inflation.

Our cities, of whatever size, are in relatively good shape. We are not faced with imminent prospects of wholesale urban breakdown, as are some nations. We are starting to shape the future of urban Canada from pretty sound footings, with many of our options still open.

But the hiving of most of Canada's population into the regions around Montreal, Toronto and Vancouver is continuing at a rate that is far too rapid for effective, planned response.

Already these three centres claim a quarter of Canada's population. By the year 2000, one-third of all Canadians could live in the three urban regions. And half our total population could well be concentrated in the urban axis stretching from Windsor to Quebec City.

We are over three-quarters urban now. The proportion will climb to over 90 per cent if current projections hold up. And that urban population will be standing on less than two per cent of the Canadian land mass.

This rapid concentration of growth has led to problems that remain to be dealt with--congested transportation, declining neighbourhoods in the central city, urban sprawl at the fringe, the erosion of agricultural and recreational lands, and rising land and housing costs.

There is no way that these problems can be dealt with effectively if our population continues to concentrate at current rates, in Toronto, Vancouver, and Montreal. We cannot reverse this trend but by diverting it by even 5 to 10 percent we can influence it in a very significant way.

Without positive, enlightened and coordinated government action by all three levels of government to remedy these trends, this litany of urban woe could remain with us far into the next century. The urban future is an issue now. It must remain one for governments and people alike for years ahead.

Assuming the accuracy of population trends and growth forecasts, would these lead to an acceptable future for Canada? What are the consequences of such an uncontrolled future for national unity? For national purpose? For the way Canada is governed? What are the consequences for Canada if 90 per cent of us live in cities? Does the rest of the country become a bucolic retreat for cattle, musk oxen, and a farm population?

What are the alternatives to this kind of gloomy, unscripted scenario?

The Cabinet looked at several options. For one, the federal government could assume a neutral stance to the projected future ... and hope that the provinces and municipalities would fill the policy void.

Or, the federal government could aim for policies which would completely decentralize urbanization. Which might have led to idealistic but totally unrealistic policies calling for support for every hamlet, village and town across Canada.

Another option, the one selected by the government to serve as the basis for dealing with the problem, called for deconcentrated urban growth -- a position roughly half way between a neutral stance and total decentralization. This has been spelled out in a two-fold statement on national urban objectives:

1. To achieve a more balanced pattern of cities and towns, with increased emphasis on small, medium-size, and new communities, and

2. To improve the physical and social environment of the larger urban centres, especially the inner city areas.

(I want to provide our citizens with a choice if they wish to live in smaller communities.

As a matter of fact this is confirmed by a recent Gallup Poll which shows that 32 per cent of Canadians, prefer to live away from the big cities.)

This approach formed the basis for the federal government's approach to urban growth at the second national tri-level conference in Edmonton last October. And it formed the basis for the common front to attack urban growth that emerged from those discussions.

I am convinced that policies can be instituted, and programs implemented, which will redirect the growth in the larger centres to selected smaller communities. People are looking for options to the megalopolis. Not everybody has to make his fortune and find opportunity in the big three. There are other centres that can have the same kind of attractions and opportunities and we intend to help put them there.

At the same time, I am convinced that the inner areas of older centres can be returned to the people... revitalized to serve new urban needs and provide new community services. I am hoping Halifax and other Nova Scotian municipalities will soon benefit from our Neighbourhood Improvement Program.

Endorsement of the national objectives by all three levels of government has given impetus to the second part of the federal response to urban growth. That is, the continuing and thorough-going examination of the whole range of existing federal policies and programs, and the search for new federal urban initiatives

The National Housing Act has been a sound instrument for urban growth. The effective programs introduced in 1973, Assisted Home Ownership Program (AHOP), Non-Profit and Cooperative Housing Assistance, Neighbourhood Improvement Program, (NIP), Residential Rehabilitation Assistance Program (RRAP), New Communities Program, Land Assembly, are being very well received by municipalities, provincial governments and the Canadian people generally. These programs are being monitored carefully to ensure that they reflect the needs of the communities in which they function within the context of provincial planning and national objectives.

The development of other measures, such as the Railway Relocation and Crossing Act will be a good influence on the urban scene. Thus the urban transportation and housing proposals put forward by the present government are obviously intended to harmonize.

The government is looking closely at other possible urban initiatives.

- * Actions to support the expansion of facilities in selected medium and small cities to make them more attractive to Canadians, and provide alternatives to living in the three major urban centres.
- * Development of housing programs better suited to the needs of rural and small-town Canadians.
- * Expansion of programs to aid in the rehabilitation and redevelopment of inner cities.
- * Support for environmental research and regulations aimed at reducing pollution and enhancing the natural environment.
- * Measures to strengthen the unique and individual character of Canadian cities, including the preservation of historic buildings and neighbourhoods.
- * Actions to provide more open space and recreational facilities for Canadians in or near large urban centres, particularly in the light of increasing leisure time.

This continuing examination will provide the basis for a number of future federal urban policies.

The third phase in this federal response to urban growth is the whole, vital matter of intergovernmental relationships. Dealing effectively with urban problems requires the active cooperation of all levels of government -- hence the tri-level concept which has led to two successful national tri-level conferences, plus those that are regional and local. Once again Halifax is a model.

I have stated that the federal approach to urban issues is based on three fundamental steps. First, the development of national objectives acceptable not only to the federal government but to other levels as well; second, the continuing evaluation of federal policies and programs to ensure they are responding to urban problems; and third, the creation and extension of a new style of intergovernmental consultation and coordination on policies and programs.

I want to stress that we are not imposing our will and that we depend upon local governments to set and develop their own priorities within the context of good planning. Our role is one of coordination. It is responsive to and supportive of more local priorities.

All three steps are essential in responding to urban growth but the third, under our system of government, is perhaps the most important. Without it, the effective resolution of urban problems is impossible.

I wanted to take this opportunity to put before you my views on a whole urban development plan. But even more

important, I want to deal with a situation which, in some areas, has reached the critical stage, that is, the availability of housing at prices Canadians can afford.

You people are more than well aware that we have been in a period of rapidly escalating house prices. Last January, the real estate boards were optimistic that the market had peaked and would start to level off. However, prices jumped higher in February. Higher in March. Still higher in April. The market that remained really active was in the very high-priced home category.

It was essential that mortgage money be redirected so that lower and middle-income Canadians could continue to have access to housing. To accomplish this the government was forced to place restrictions on high-ratio lending. Lenders were asked to require a 25 per cent downpayment on higher-priced housing while 95 per cent insured loans were still available for homes in the moderate-priced field. As a result, we started to see a flattening in the market and a slight downward curve. Had we allowed house prices to continue to escalate, it would have been, in the end, a disaster for both the industry and the country.

You, of course realize that it is very much in the interest of your industry to see prices stabilize. To see a steady supply of homes at prices people can afford. Over the long term, it is not in the interest of anyone in the real estate market to see prices beyond the reach of the average Canadian's ability to pay.

You have a role to play. You have a vested interest in bringing equilibrium to this industry of yours. Just catering to the higher-priced market will be counter productive.

The market at the moment is uncertain. Interest rates are high. Mortgage money is in short supply. Many Canadians are resisting the assumption of long-term mortgage obligations under these conditions. This might not be a bad thing. People are beginning to object and I think this is essential in dampening inflation and the inflation psychology.

We are at a time when all facets of the housing industry must address themselves to what is not only good for them, but what is in the national interest. As I have mentioned, there is a natural tendency for the building industry to concentrate on expensive homes, where the best economics lie. It is better for Canada if a builder builds two \$30,000 homes, rather than one \$60,000 home. For very little more labour and capital, we can house two families instead of one, if the serviced land can be delivered at an economic price.

The size of lots is another thing. Municipalities must consider the consequences when they insist on a minimum width of say 70' lots. I would like to see a change in the municipal attitude with respect to lot sizes. Few people can afford 70' lots any more, as desirable as they may seem to home owners. Furthermore it raises the municipal costs of servicing, urban transportation and of snow removal. These all are real costs.

There is a growing trend at the moment for lending institutions to place their money into existing housing, rather than new housing. While I am not suggesting that we ignore existing housing, I am suggesting that there must be a tilting in favour of new production. For one thing, that is where new jobs are created and I want to see the total housing stock increased.

I am sure you have noticed in the press recently that I am prepared to inject \$50 million into a program to spur the construction of moderately-priced rental accommodation in ten critical market areas.

I would like you to know that the plan is ready to go into operation. The ten urban centres where vacancy rates are in the range of two per cent or less are -- Victoria, Vancouver, Regina, Saskatoon, Toronto, Hamilton, Montreal, Hull, St. John's Nfld., Saint John, N.B.. These are the 10 critical areas and our decision was based on metropolitan regions with a critically low vacancy rate. On that basis the Halifax-Dartmouth area in total cannot be considered to be urgent. However, as a result of my meetings today with CMHC, provincial and municipal officials, I have become aware of a particularly acute problem in Halifax itself which is aggravated by an apparent problem with student housing. I want to reconsider this situation with the expectation of including Halifax in the special program.

The program will make 95 per cent loans available at an 8 per cent interest rate. The program will yield 2000 to 2500 units starting this year in the municipalities where both the production of moderately-priced rental housing and vacancy rates are extremely low.

I am not suggesting that some \$50 million will solve the problem, but our resources are being stretched. I have had discussions with some provincial governments and there is a good possibility of making this a joint program, with

some provinces matching the federal allocation on a dollar for dollar basis. I hope other provinces will join with us. This is the sort of positive response I welcome.

Rents for the housing units produced will be set out in agreement between the owner and CMHC and will be based on the size of the units, the extent of services provided and the advantageous financing terms being offered.

Advertisements will appear next week in the cities' newspapers inviting builders' proposals for the construction and operation of the rental housing.

We are going to call for proposals and select those with the best package. By that I mean those that will provide the best housing at the most economic price. We are looking for proposals which are ready to go. Those that will come on the market within a year. I am trying to reach the builders who have land available, overheads to carry, plans drawn, ready to go, who cannot get financing and are waiting for something to happen. Well here is something that is happening.

Any review of the housing situation in Canada would not be complete without reference to the Assisted Home Ownership Program. You will recall that the Prime Minister announced before the last election that \$500 million would be allocated for the program. Of that amount almost four-fifths has already been committed. AHOP has been extremely successful in spite of the usual prophets of doom who said

it would not work. It has worked and many thousands of Canadians have been assisted to become home owners.

May I once more remind you how this program operates. It is very simple. Central Mortgage and Housing Corporation has a basic house price. If a person has to pay more than 22 per cent of his adjusted income to meet mortgage payments, he is assisted first by having the rate of interest reduced, as may be necessary, from $11\frac{1}{2}$ per cent to 8 per cent. If this is still not sufficient a subsidy of up to \$600 a year is available. Depending on family size and income, it can lend to an effective rate of four per cent.

We are giving priority to new construction and I want to stress that I am concerned about production, employment in the building industry, adding to the housing stock. We cannot cover the complete waterfront. We have to be selective.

The objective of the Government of Canada as a matter of policy is to take all reasonable actions to provide Canadians with access to good housing. We have committed substantial resources in money and manpower. But government cannot do it alone. We are looking to the full participation of the entire industry, of which you are a major part. You are the professionals. You are the people who deal with the real world and the real conditions, day by day. With your cooperation and the full and enthusiastic participation of

the planners, all levels of government, we can and will meet the challenge. I am counting on you to help me.

Thank you.

Remarks by the Honourable Barney Danson

Discours de l'honorable Barney Danson

Minister of State
for Urban Affairs



ministre d'État
chargé des
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HOUSE OF COMMONS



THRONE SPEECH DEBATE

OCTOBER 15, 1974

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Mr. Speaker, in rising for the first time as a minister to take part in the debate on the Speech from the Throne, I should like, first, to express the wish that His Excellency the Governor General continues his recovery and that it be a full and speedy one. I also wish to compliment the mover and the seconder for their excellent addresses and, above all, to compliment this House on its wise choice of Mr. Speaker, whom I know personally and whom I hold in high regard, as does every member of this House. Also, I should like to thank all honourable members for their good wishes. I appreciate their thoughtfulness and I trust this spirit of goodwill will illuminate all the debates in the House and in the committee relating to my portfolio.

In this new job of mine, I wear three hats: as Minister of State for Urban Affairs, as the minister responsible to parliament for the National Capital Commission, and as the minister responsible for housing through Central Mortgage and Housing Corporation. In the time available to me today I want to deal with each of these areas of responsibility, if time permits and honourable members will allow me.

The urban affairs ministry is the agency which provides the communication links among all levels of government and among all government departments and agencies which have an effect to the urban environment. The National Commission has a special responsibility for the national capital area as an urban community which has a very special significance for all Canadians and of which they can all feel proud. In another sense, it is a model community, a showcase within which the results of imaginative and innovative urban planning can be displayed. CMHC is an agency through which the government fulfils its obligations to ensure that all Canadians have access to good housing and a healthy and satisfying community environment. It administers a capital budget of substantially more than a billion dollars, but it is not simply a banker. It is in fact an instrument of the government social policy in the field of housing and community planning.

During the past three years under my two distinguished predecessors, the Ministry of State for Urban Affairs has led the way in establishing a system of trilevel consultations involving the three levels of government at the national, regional and local levels. That system is a key element in our joint response to urban problems, and it is one of the mechanisms used to get more benefits, more cutting power out of our individual but harmonized efforts at managing urban growth. It means that the federal, provincial and municipal governments work with a common purpose, rather than at cross-purposes.

For the past 30 years Canada's rate of urban growth has outstripped that of every other western industrial nation and, if it continues at its

present rate to the year 2000, we will be 90 per cent urbanized, with half of all Canadians living in Toronto, Vancouver and Montreal. Clearly, this startling rate of growth is intensifying urban problems and spawning new ones. That, Mr. Speaker, is where our collective response must be directed - toward managing this rapid, unbalanced growth, not by imposing decisions on people but by providing attractive options. To meet this challenge, the concerted efforts of the federal, the provincial and municipal governments must be based on sound and achievable urban objectives, not vague theories or ill-conceived plans. I am happy to say we reached consensus on the general nature of those objectives at the second national trilevel conference in Edmonton last October.

We are concerned with the pattern of urbanization and the distribution of our urban population. We are equally concerned with restoring and improving our older centres to develop the kinds of services, housing and amenities they often desperately need to make them attractive places in which to live and work. But concern is not enough, and therefore we have developed many elements in our response to the urban challenge.

The Railway Relocation and Crossing Act, for example, has tremendous potential and we intend to exploit that potential to the fullest measure practical: to restore and revitalize our communities; to provide space for housing, for parks, for rapid transit corridors, for new commercial districts. This federal participation is in full recognition of and respect for provincial jurisdiction and with provincial priorities fully considered at all stages.

Another illustration is the new policy which now governs the management of federal urban lands and that includes a substantial amount of prime land in major centres. The federal government, as a major land owner in most Canadian cities, has reviewed its role as an "urban citizen" and defined a new set of policies governing the management of federal land and properties. We will ensure that the redevelopment of federal properties takes place in the light of their best urban use, rather than narrow, primarily financial considerations. These new policies will ensure that federal land as much as possible remains in the public domain. Further, local communities will be consulted during the analysis that will take place in planning the re-use of these land holdings.

Needless to say, the management of urban growth must take place within the context of regional growth strategies. They are as necessary to the effective handling of urban growth as is the trilevel co-operation in which we are actively engaged. Consequently, the federal government, through the Ministry of State for Urban Affairs, CMHC and other departments and agencies, is involved in supporting the development of growth strategies for a number of urban regions, and it will support many more in the future as the provinces and municipalities formulate their plans.

One very special kind of planning is required in our port cities. We have a chance to reclaim our waterfronts, restore them to the use of our people and improve the capabilities of our ports to compete in world trade. The urban affairs ministry, together with other federal agencies, is examining the critical question of how port activities relate to and affect other urban

functions. We have begun to do this, for instance, in Vancouver, Montreal, Thunder Bay, Halifax, and Quebec City.

Mr. Speaker, I have given just a few tangible examples of how this government is proceeding with an effective response to urban growth in particular and to urban problems in general. It is a response which involves many federal agencies. It is a response which commits us to genuine and effective consultation with other levels of government. It is a commitment which I intend to carry out fully.

With regard to the special planning opportunities within the national capital region, I should like to remind the House, Mr. Speaker, that the NCC has had, and will continue to have, a major impact on the development, functioning and quality of life in this area which, apart from its national significance, is also a thriving city. In fulfilling this role, the NCC is proposing two interrelated federal development strategies - one for the heart, or core, of the capital and the other for the capital region as a whole.

A major objective of the core area planning is to link, physically and economically, the centres of Ottawa and Hull as the strong and dynamic heart of the national capital region which reflects and respects Canadian cultural life styles - a vibrant capital in which all Canadians feel at home and of which they are part. The major elements defining the image of the capital - the parliamentary, judicial and cultural institutions, as well as a major part of the federal administrative function - will continue to be located in the centre of the capital. At the same time, we will seek a

diversity of land use in the core area, emphasizing residential use, as well as governmental, retail and other business activities.

In the wider national capital region, in face of the pressures of present and anticipated urban growth which could threaten the very quality of life as well as the role of the capital region, the NCC is proposing a framework of development for the next three decades, just as the Greber plan did for the last two decades. The planning concept for tomorrow's capital is not meant to be a master plan but, rather, a working document designed to focus intergovernmental and public dialogue toward a common set of development objectives. This document will be released within a few weeks. Such consensus is crucial at this time because of the various planning activities under way by other levels of government and groups in the capital region. A further study bearing on the development of the national capital region is the Fullerton report. This study deals with the administrative and organizational framework for the capital. In light of all these recommendations, proposals and plans affecting the area, the government is committed to the establishment of a special committee of the Senate and the House of Commons to consider questions relating to the future of the national capital region.

I would like to speak now for a few minutes about another extremely important aspect of my responsibilities, the goal of putting good housing within the reach of all Canadians in all parts of Canada. This year, because of economic conditions which are common to all countries, the housing industry in Canada will not be able to maintain the remarkable record of growth which

has been established over the last few years. I will deal, in a moment, with the present housing situation in Canada and the action which the federal government is taking, and will take, to deal with it.

When I suggested a few days ago, Mr. Speaker, that Canadians, by and large, are among the best housed people in the world, some hon. members opposite seemed to express some skepticism. That is their job. I should like to return to that theme now, very briefly, by citing some accomplishments of the last six years during the term of this government. During that time, Mr. Speaker, 1,350,000 new homes were built in Canada, while in the same period 700,000 new families were formed. We have not only been keeping up with the needs of new families for homes; our building rate has been almost twice that of family formations. This is fortified by the knowledge that in the last four or five years we have had no place in the bedrooms of the nation.

In human terms, this represents not just 1,350,000 housing units but homes for almost 5½ million men, women and children. This record has been achieved, Mr. Speaker, not only by sound housing policies but by a housing industry which, in terms of efficiency and productivity, is among the best in the world. I want to preserve a competitive, viable house building industry in this country as an essential partner with government in fulfilling people's needs. It is a strong and efficient construction industry and financial community in this country that will deliver homes to Canadians.

It is my intention to use existing programs, and new ones which I am developing, to stimulate this sector and to make certain that it is productive, competitive and responsible. Governments do not build homes, builders do. We must provide the climate and support to make certain they do so for Canadians of all economic groups. We must exact the maximum leverage from every public dollar spent to unlock the greater resources of the private lenders and builders. The Economic Council of Canada told us that if we were to meet the needs of Canadians, we would have to build a million homes between 1969 and 1973. We accepted that challenge and we built 1,153,000 houses in that period, exceeding the ECC target by a substantial margin and surpassing 200,000 units every year.

I know very well, Mr. Speaker, that it is not enough just to build houses. We have to build the kind of houses people need and can afford. In the six-year period from 1968 to 1973, we produced more than a quarter-million units of housing for low income people, at an investment of well over \$2.5 billion. If the significance of those numbers is not evident, let me add that it is more than three times as many low income homes as were built in the previous 22 years.

Housing itself, of course, is not our only concern. In the same six-year period we responded to the demand of Canadian municipalities for almost \$.5 billion in loans for sewage treatment facilities, and wrote off 25 per cent of those loans as an investment by the federal government in the interests of clean water and soil and good urban planning. That is a record of which any government can be proud. It is still a matter of deep concern

to me, and to the government, that good housing is not equally available to all Canadians throughout Canada; but we have made significant strides towards that goal and we are constantly increasing our efforts. If we have to weather a few bad months because of the prevailing economic climate, I see no immediate cause for despair and I am confident that before long we will regain the momentum which we have built up over the last six years.

I should like to share with hon. members the facts of the housing situation as it exists today and at the same time describe the actions which the government is taking and proposes to take to change the situation. Because of rising prices, high interest rates and the reluctance of private lenders to commit mortgage funds, the annual rate of housing starts is substantially lower than the record levels of recent years. We have attempted to improve the supply of mortgage funds in a number of ways. First, through the Assisted Home Ownership Program we have made public funds available to finance housing where it is most needed, good housing for people of low or moderate incomes. In spite of those who cried that it would never work, AHOP has been, so far, the most successful of our new social housing programs. I am grateful to my predecessor for introducing this program and for showing industry and the people of Canada that housing can be built at lower prices.

During the first nine months of this year we committed some \$450 million for the purchase of 20,000 homes for some 80,000 Canadians. About half of these homes were new construction. Because of the remarkable success of this program, the available funds have been taken up sooner than we expected. However, I want to assure the House that as soon as additional funds become available, AHOP will be continued. Before the start of the next building

season in the spring of 1975, new initiatives will be introduced to complement this very successful program.

So far this year CMHC has made direct loans amounting to more than \$568 million to finance more than 27,000 homes - about two-thirds of them new construction. I announced a few weeks ago that we were prepared to put up \$50 million at 8 per cent if builders in some of the larger cities would build housing for rent at agreed-upon moderate rates. I said at the time this would not be a panacea but one important initiative in dealing with a complex problem. It is evident, however, that it is not possible to fund all the new housing in Canada with public money.

Earlier this year we secured the co-operation of private mortgage lenders who agreed that high ratio loans should be available only for housing in the middle and lower price range. The lenders agreed that, for more expensive housing, down payments would be at least 25 per cent. At a time when mortgage capital is not readily available, this agreement has the effect of directing our financial resources to the creation of modest housing for more families, a strategy more consistent with our over-all national housing objectives. Over the years, the federal government has introduced many measures to encourage private investment in housing. Under CMHC mortgage insurance arrangements as provided for in the National Housing Act, private approved lenders made some \$1.5 billion in loans to home buyers last year.

Last year legislation was passed to create the Federal Mortgage Exchange Corporation and to permit the creation of private mortgage investment

corporations. These measures are intended to make residential mortgages more attractive and convenient as an investment and to bring more investors, particularly small investors and a largely untapped source of non-equity foreign investors, into the field. We must continue to seek new pools of capital which can be tapped for housing money, and step up the flow from existing sources. I have always felt that pension funds should be much more active in mortgage investments. I know their participation in housing has increased, partly because of the persuasiveness of my predecessors. But I do not think the full potential of these funds as a source of capital for housing has been reached, not by any means. I am going to pursue that possibility. I think the time has come also when we should consider seeking housing non-equity capital from outside Canada in a more active and deliberate way.

As a further step toward making better use of private resources, our success with the Assisted Home Ownership Program suggests to me that if it is going to achieve its full potential in enabling Canadian families to buy their own homes, ways may have to be sought to make use of private as well as public capital under similar terms and conditions. In this way, assistance could be extended to twice as many families than if we were dependent only upon available public funds. At the same time, the private sector would be further stimulated.

As a general benefit for people who are purchasing modest homes for the first time, the government has proposed a grant of \$500 as a way of offsetting the building materials' sales tax, for people who are most in need of

help. This was referred to in the last budget and I anticipate it will be proposed to the House again as soon as resources permit. I believe the proposal to inaugurate a registered home ownership savings plan is in the same category. I have great expectations for this plan, which would give a very substantial tax saving to young people who are saving to make a down payment on their first home. I would also hope that a means could be found to see that these funds, or a substantial part of them, are invested in residential mortgages, to further augment the capital supply and the housing stock and complete the cycle for which that money is being supplied.

We will, of course, continue our support and encouragement of provinces and municipalities for the public assembly of land to which we have committed \$500 million over five years, particularly those projects which promise a quick addition to the supply of serviced land, and on terms which will encourage municipalities to speed up planned residential development. The first of this land will shortly be appearing on the market. We are beginning to see the results of that fine program which should assist us in a major way.

In that regard I propose to reintroduce into the House legislation which will continue and improve the federal program of assistance for sewage treatment facilities. As a means of helping to increase the supply of serviced land, storm trunk sewers will be eligible for assistance for the first time where they help open up new areas for residential development and provide lower-cost housing lots. This legislation continues the forgiveness provisions to the provinces and municipalities.

Hon. members are very well aware of the wide range of social housing programs now available under the National Housing Act. I have already referred to AHOP, which can be of special benefit to young families. Another important approach is through what has become known as the third force in housing, housing provided not by the government, not by the conventional housing industry but by local people helping themselves. Very often this housing is created for the elderly or for the physically or mentally handicapped. We give these public-spirited sponsors 100 per cent financing at favourable rates, a 10 per cent capital write-down and substantial grants to help plan projects and get them started. With this kind of help, of course, we expect these groups to create housing that will rent at a price somewhat below market rates and reflect interest subsidies and grants which are provided with public funds. We are now looking at other ways of helping these third force groups, particularly ways in which land could be made available to them at a lower cost, especially near the central cores of our major cities.

I am pushing ahead energetically with the program of rural and native peoples' housing which my predecessor announced in the last parliament and under which we are committed to create or rehabilitate, with the fullest possible co-operation of the local people, a total of 50,000 homes over the next five years. This program requires the agreement and participation of provincial governments, and I am pleased to say these negotiations are proceeding and agreements should be reached with most provinces before the end of the year.

For many people, of course, the only solution to their problems is

public housing provided at rents geared to their income. I am sure this kind of solution will continue to be needed for many years to come. However, we are continuing to seek new ways of applying this program, particularly arrangements which will avoid creating so-called ghettos and which will integrate public housing clients into the community without incurring any social stigma, and also enriching the lives of those people and their children.

All these programs offer the people of Canada not only help with their housing problems, but the widest possible range of options to select the kind of housing they will occupy and the way they will occupy it as owners, tenants or members of co-operative organizations. I do not agree that everyone is entitled, as a matter of right, to be provided with a house of his own by the government. I do believe, however, in equality of opportunity and that all Canadians should have equal access to the same options for solving their problems.

I believe that people, like governments, in selecting their options in these times should exercise restraint. I think there is adequate evidence that some of our present difficulties are created by a minority of people who have heated up the housing market by repeatedly trading up to larger and more expensive houses which bear no relation to their essential needs and sometimes not even a relationship to their cost.

I wish to conclude, Mr. Speaker, by reiterating the view of this government, that even though housing is a critical element in the economy of the country, it is not simply a commodity to be brought and sold according to

the winds prevailing in the marketplace. Because it is an essential factor in the fundamental physical and social well-being of people, housing must be the subject of deliberate, consistent, long-term policy. This is why I reject any suggestion that housing funds are turned off and on to manipulate the economy.

Our financial commitments have not fluctuated; they have been consistently increased. Certainly, we must always be aware of the demands which housing makes on capital markets, its effect as a stimulator of employment and as a catalyst in the sale of a wide range of capital goods. These considerations, however, must be carefully weighed-off against a preeminent concern for people's immediate and urgent need to be decently housed, a need which cannot be deferred or delayed to accommodate economic or fiscal mechanisms.

Though I am a new minister, Mr. Speaker, I have the great advantage of being a member of a well-established firm. I mean, of course, the present government. It is a firm which, with respect to housing as in all other matters of public concern, enjoys the well-founded confidence of the people of Canada. Many Canadians are concerned just now about their current housing problems, but they have resisted and will continue to resist the efforts of those people who would magnify these difficulties into a national crisis. The people of Canada have confidence, Mr. Speaker, in a government which during its term of office has seen the creation of new homes for $5\frac{1}{2}$ million people, far exceeding the population growth and the rate of new family formations.

The people of Canada have confidence in the government which accepted the challenge of the Economic Council to build a million homes in five years and exceeded that target by a healthy margin. The people of Canada believe that our present housing problems can be solved, and they believe they will be solved by the government which during its six years of office built three times as many low-income homes as were built in the previous 22 years.

The people of Canada expect solutions from the government which introduced assisted home ownership, neighborhood improvement, residential rehabilitation, rural and native housing, the widest range of far reaching social housing programs ever introduced in Canada and, I suggest, in most countries of the world. The people of Canada know that our housing difficulties will not be overcome overnight by some simple device pulled out of somebody's hat. It will require a sustained attack on many fronts, not by a single minister but by the whole federal team working with other governments, the financial community and with industry and people at the neighborhood level.

That is what the people of Canada expect of this government, and that is what they will get. They have every reason to face the months ahead with confidence and good hope.

Remarks by the Honourable Barney Danson

Minister of State
for Urban Affairs

Discours de l'honorable Barney Danson

ministre d'État
chargé des
Affaires urbaines

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ASSOCIATION OF ONTARIO
HOUSING AUTHORITIES

HAMILTON, ONTARIO

TUESDAY, OCTOBER 22, 1974



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As an elected representative from a major urban area, I am constantly aware of the problems of urban living in Canada and now as the Minister responsible for the Ministry of Urban Affairs and the Central Mortgage and Housing Corporation I welcome the opportunity to express this concern in a tangible way.

I do not take this responsibility lightly. It is not an easy feat to ensure that all Canadians in all parts of the country and at every income level are provided with access to decent accommodation.

We're in this with our eyes open and all of us are aware of the many problems and barriers that confront us in achieving our objective - the high price of a home, high interest rates and the shortage of serviced land are but a few.

It is fair to say, I believe, that by and large Canadians are among the best-housed people both qualitatively and quantitatively in the world.

Canada has an exceptionally good record in dealing with housing problems and this government has no intention of abandoning its commitment to the provision of good housing for all Canadians in a stable housing market.

Let's just examine that record for a moment. A few years ago the Economic Council of Canada told us that in order to meet the needs of Canadians we would have to build a million homes in the five year period between 1969 and 1973.

Through CMHC and in cooperation with the provinces, municipalities and the private building industry, the government has responded aggressively and that target was exceeded by a substantial margin, surpassing 200,000 units every year.

In the last six years 1,350,000 new homes were built in Canada, while in the same period 700,000 new families were formed. We haven't just kept up with the needs of new families for homes, our building rate has been almost double that of family formations.

In human terms this represents not just 1,350,000 housing units but homes for almost five and a half-million men, women and children. We in Canada have more than kept pace with this phenomenal growth rate. We have in fact improved the housing market from its state six years ago. This is a record of which we can all be proud - not complacent - but proud. It is true however that there are many individuals and groups within our own society, too many in my view, who are still on the outside looking in.

This continues to disturb me, particularly in a society as affluent as ours.

I'm not comforted by the fact that low-income, fixed income or otherwise disadvantaged Canadians are in danger of being hurt the most in an inflationary marketplace.

These people are the government's first concern - they're your first concern and they're certainly my first concern.

Clearly, the number of housing starts, record levels in the last four years, is extremely important. What is even more important is the distribution of housing starts among all levels of society. Unless we build the kind of housing that people need and can afford we will have failed.

But I wouldn't be satisfied if our only goal was to build enough housing units in which to contain people.

People must live in communities not simply protective enclosures called houses and it is the quality of those communities socially, culturally, recreationally and economically which is so fundamental to a healthy society.

During the last election when I was knocking on doors in my riding, which is a reasonably affluent suburban constituency for the most part, I came across a development of what would be called stacked town houses - quite pleasant really. It was an OHC project, the kind that used to be considered not much more than a better place to house low-income people and of course it would always be found in

the core area of the city, filled with families who have been hopelessly enmeshed in the welfare cycle for generations.

I noticed there were kids of all colors playing in the yard of the complex and having a whale of a time and it really had an impact on me. Imagine, a whole new world was opened up for these children, out of the shadows of the skyscrapers - the potentially explosive atmosphere of cramped living, dirty gutters, winos and prostitutes.

One of my constituents, a long-time resident of the area, at first expressed some skepticism about "these people" moving into his neighbourhood. But after being himself exposed and having his family exposed to people from the project he admitted to me that his attitude had changed completely and his previously held prejudices were more artificial than real.

Here's a chance to break the poverty and welfare cycle which, in my view, is as much social or attitudinal as it is economic. Here is a chance to make communities real communities and not simply packages of poverty and parcels of wealth, each one separated from the other by outmoded attitudes and artificial animosities.

Really what I have learned from such an experience is that building public housing projects away from the core areas of cities can work and work well for all concerned.

In the first place they provide better housing for low-income people in a clean, healthy atmosphere. The public housing clients are removed from the ghetto-like environment of the city centre and placed into a community of opportunity with incentive to improve their lot in life, not a block of dead-end despair.

A natural extension of this is that their children are provided with hope. No longer are they trapped by conditions over which they have no control. For once their dreams have a chance of coming true.

I am a strong believer in integrated communities, communities which have a balanced social, cultural, racial and economic mix. I do not believe in financial or social isolationism. I see them as a threat to the very fibre of our society.

It is my belief that such communities provide every bit as much benefit to the existing residents as they do to the clients of public housing. They open new vistas of understanding and empathy. They show by example that people of different economic and social backgrounds are not threats to the desires and aspirations of the so-called middle class, they are merely trying to enjoy the same rights, privileges and opportunities as are available to the majority of Canadians.

Unfortunately there are too many elements in society who actively resist the introduction of public housing into existing

residential areas and this has a deterrent effect on public housing plans in some communities.

I want to say to those organized community groups and politicians who are lobbying against public housing projects in their neighbourhoods that a healthy democratic society cannot survive and prosper with those kinds of attitudinal barriers confronting us at every turn.

In saying that I want to add the reassurance that we will not just barge in on residential communities and plop public housing projects in them. We will do so in a way that ensures these projects will become integral parts of the communities, sensitively planned in the context of the community as a whole and soundly managed. We are not out to create suburban slums. They will not be pockets of blight in a tranquil setting but useful contributions to vibrant and dynamic communities. They will be built with the cooperation and consultation of the provinces, municipalities and residents to the very fullest extent.

Collectively it is our moral responsibility and in our enlightened self-interest to ensure that everyone has the right to the preservation of his essential dignity as a human being.

With this in mind we are currently taking a close look at the entire public housing program with a view to making necessary changes.

One of the areas concerning public housing that we are currently looking into is the rent-to-income scale, in an attempt to determine if it remains realistic. We want to be sure, for instance, that our regulations are reasonable and humane and will allow us to respond sensitively to people's needs and their changing circumstances.

We are asking a number of questions regarding the structure of public housing programs, for we do not wish to become complacent and assume that we have arrived at all the right answers.

We are aware, as you are, of the special problems associated with the management of public housing. People who require public housing assistance are vulnerable, and very often are burdened with social and personal problems, as well as economic ones. Their wants and needs require a certain sensitivity in handling, as your own experience tells you so well. You are frequently faced with problems of a social nature far more serious than simply the collection of rent.

Because of the special problems associated with the management of public housing projects, we are considering how we could contribute to the training and development of competent, knowledgeable housing managers on a scale required in a country as vast as Canada.

In concert with CMHC officials, I am looking for innovative solutions to these and many other housing and community problems. It seems to me that this is an undertaking in which all of you could participate.

You are part of the action. You are familiar with and understand fully the problems of public housing tenants. You are, in effect, a conduit to the government for reflecting the attitudes and reactions of the people who are our first concern, the low-income families requiring public housing assistance.

I feel we should look to you not only for the efficient management you consistently provide, but for counsel and suggestions for the betterment of the public housing program. And I feel, as did my predecessor, that public housing tenants should have a part in decisions which affect their lives. Their voice must be heard, because it is their social well-being that is our primary consideration.

Public housing in Canada received its first real impetus twenty-three years ago, when housing authorities first came into existence to provide expert and voluntary management as well as a tangible link between the tenants and the various levels of government. You have seen and have been part of many progressive changes since that time. Perhaps your biggest challenge is yet to come.

Remarks by the Honourable Barney Danson

Minister of State
for Urban Affairs

Discours de l'honorable Barney Danson

ministre d'État
chargé des
Affaires urbaines

For Release: 9 A.M.
OCTOBER 25, 1974

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NOTES FOR OPENING REMARKS
SUDBURY, OCTOBER 25, 1974



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Mr. White, Mr. Newman, Mayors, Officials ...

There are several good reasons for the pleasure and anticipation I feel on being present with you today.

And, I am sure, that after all the false starts toward this meeting over the past year, you must be feeling a good deal of satisfaction in finally seeing the federal Urban Affairs Minister in the flesh.

The pressures which prevented this meeting taking place earlier were unfortunate; but, they were also unavoidable, given the hectic nature of the federal legislative process prior to the election.

I am sure you recognize that.

I am here because I am committed to intergovernmental consultation as the key organizational element in our joint response to managing urban growth. I was a firm believer in ... and an advocate of ... tri-level consultation long before I was named to the Cabinet.

I view this meeting as a working session; one in which we will engage in frank and open consultation on the principal agenda items. I hope you are of the same opinion. Because with



this context in mind, I want to confess at once that I will not be making any announcements concerning new federal policy initiatives or programs to capture media attention.

This kind of provincial level consultation is especially important in responding to urban issues ... because it is at this level, and in this kind of forum, that federal programs can be discussed in the context of provincial priorities and planning strategies.

This mix of federal programs and provincial priorities surely, is the one we need for fruitful discussions...so that when we break this afternoon the appropriate working relationships to implement the Railway Relocation and Crossing Act for the benefit of Ontario communities will be clearly understood by all parties.

Before I was named to the Cabinet I often wondered why it took so long for ministers to respond to constituency requests and answer their correspondence. I am finding out very rapidly, and to my chagrin, that the scarcest commodity in a minister's daily routine is time to get everything done. I am sure John White agrees.

In spite of this dilemma I want to meet with you on a regular basis and I suggest that once a year an Ontario tri-level meeting at the political level would be useful and appropriate. Of course, if a critical issue arises a special meeting could be arranged to deal with it.

This is not an ideal schedule, perhaps, from your point of view. But it is workable and it will maintain the momentum which has been generated by the two national tri-level conferences and the provincial tri-levels which followed in Ontario.

I see the tri-level process essentially as one that moves forward logically, as our joint efforts to manage urban growth continue to develop.

The tri-level process at the provincial level is not intended to, nor is it particularly suited to, the solution of immediate problems and issues. It should be devoted to the broader challenge of shaping the urban future for Ontario residents.

And that can only be accomplished if it involves continuing examination of federal policies and programs within the context of provincial plans and priorities.

Such scrutiny will not succeed if it lacks appropriate reference points.

One such reference point is the one I have mentioned ... the examination, at this level, of federal programs in the context of provincial priorities and local needs.

Another reference point is the development of appropriate urban objectives to guide policy development by each level of government.

A broad range of such objectives is being developed by the federal government, against which existing federal programs will be evaluated for their urban impact, and against which new initiatives will be tested for their potential in ameliorating or solving urban problems.

Chief among those problems is the overriding issue of rapid, unbalanced urban growth.

Rising costs for urban land and housing are inescapable, so long as more and more people and activities are squeezed at a rapid rate into a small number of urban centres. Environmental quality is jeopardized. Amenities and services are sacrificed. Social conflict mushrooms.

And, in the wider context, the commitment of Canadians and Canada's governments to national unity and to the elimination of regional disparities would be nullified if Canadians accepted a projected growth pattern that continued to concentrate people and activities in a few urban centres.

Our broad, immediate objective for managing urban growth calls for a two-phase approach:

1. To achieve a more balanced pattern of cities and towns with increased emphasis on small, medium-size and new communities.

2. To improve the physical and social environment of the larger urban centres, especially in the inner city.

To ensure that you have some understanding of these federal objectives and their relationship to federal policies I want to discuss, very briefly, one or two examples from different sectors.

New federal policies and programs have and will be developed in the light of these objectives ... the Railway Relocation and Crossing Act is an example.

New federal urban transportation initiatives, whose broad outlines were discussed during the election, will reflect

these objectives as they go forward. At the same time certain other principles will apply to urban transportation policies.

These principles state that such initiatives will:

1. Take account of other urban objectives.
2. Be coordinated within the federal system and with other levels of government.
3. Conform to local intentions and plans, in the case of federal installations.
4. Recognize regional and local differences in transportation requirements.
5. Take account of the needs of all Canadians.

Another example which demonstrates the continuing emphasis the federal government is placing on the need for sound urban initiatives is demonstrated by the new set of policies to govern the management of federal urban lands. (The federal government owns millions of acres of land throughout the country and some 200,000 acres are prime holdings in major urban centres.)

A great many urban development problems facing municipal government revolve around land use and land development issues.

The federal government, as a major land owner in most Canadian cities, has reviewed its role as an urban "citizen" and as a potentially important actor in urban development. As a consequence of that review, policies governing the management of federal land and properties have been defined.

This new initiative represents the culmination of many months of innovative work by the Urban Affairs Ministry. And it involves closely coordinated action by Treasury Board, the Department of Public Works and the Ministry of State for Urban Affairs.

The new principles governing federal land management provide an opportunity for the federal government to join with other levels in improved management of all public lands.

The policies can be summarized under these headings:

First, the federal government will, by and large, no longer sell its land holdings which are surplus to the needs of a given department. Public lands will remain as much as possible in the public domain.

Second, when a given property is no longer required by the department which was using it, an examination will be made by the Urban Affairs Ministry to determine what should be the best use of that piece of land in urban terms. This will ensure that the redevelopment of federal properties takes place in the light of urban, rather than narrow financial, considerations.

What that means is that, wherever feasible, and wherever appropriate mechanisms exist, the federal government will consult provincial and local leaders on their views concerning future use of such federal property. One mechanism for this consultation is a metropolitan tri-level committee. These have

been established in a number of Canadian centres and they have proved their value as forums for discussion and action.

Third, all important federal land holdings in major cities will be systematically reviewed on a cyclical basis to ensure that these holdings are being put to their best urban uses.

The significance of this new set of policies, which we are now implementing, will not escape you. We are looking here at thousands of acres of choice, strategic urban land across the country. These holdings will now be examined in light of their true urban function. And I can assure you that local governments will be fully consulted in the analyses that will lead to re-use decisions on these holdings.

These few examples demonstrate the range of federal urban policies that are being developed in an integrated response to urban problems, especially the central problem of urban growth. They provide ample reasons for continuing provincial tri-level consultations on a regular basis. Because, they will be more effective when they are shaped to respond to provincial priorities. The Railway Relocation and Crossing Act, for instance, is primarily a land use measure. And land use planning is very clearly a provincial responsibility. Therefore, today, we want to make sure that the Act is going to be implemented in Ontario in line with the province's planning strategies.

Beyond this, however, it seems to me that the whole question of urban objectives and urban policies demands continuing discussion at the national level. The national tri-level conferences have already produced an important consensus on the need to manage urban growth through concerted action.

More practically, and more immediately for municipalities, they have generated an examination of public finance that has the potential for a new approach to the question of financing urban services. The report of the public finance task force, holds important implications for the federal government, the provinces, and the municipalities. It is therefore extremely important that the report be discussed in the setting of a national tri-level forum.

In closing I want to say a word or two about federal plans for sewage treatment legislation. I know this is a matter of much concern to many municipalities.

First of all, the March 31, 1975 time limit on the 25 per cent forgiveness clause for sewage treatment loans will be eliminated.

Proposed revisions to Part VIII of the National Housing Act, which are to be introduced shortly in the House of Commons, as you may know, will make the federal sewage treatment program more effective in preventing water and soil pollution, and in encouraging comprehensive land use for residential development.

That, Mr. Chairman, ends this brief opening summary of a number of federal urban initiatives. Let me repeat that I am here because I am personally committed, as is the federal government, to these tri-level meetings and to the discussion of federal programs in the light of provincial priorities. I am looking forward now to a very full discussion of how we can implement the Railway Relocation and Crossing Act in Ontario. Thank you ...

Remarks by the Honourable Barney Danson

Minister of State
for Urban Affairs

Discours de l'honorable Barney Danson

ministre d'État
chargé des
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HOUSE OF COMMONS

NOVEMBER 1, 1974



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MR. SPEAKER,

WITH THE PERMISSION OF THE HOUSE, I WOULD LIKE TO MAKE A STATEMENT WHICH CONCERNS FORTHCOMING LEGISLATION.

I WOULD LIKE TO CONFIRM THE GOVERNMENT'S INTENTION TO INTRODUCE IN THE HOUSE, VERY SOON, LEGISLATION WHICH WOULD AUTHORIZE, FOR A ONE-YEAR PERIOD, THE PAYMENT OF A \$500 GRANT TO PEOPLE BUYING A NEW HOME FOR THE FIRST TIME, PROVIDED THE HOME IS MODERATELY PRICED. A HOME MAY BE DEFINED AS A PRINCIPAL RESIDENCE OF PERMANENT TYPE WHICH CONFORMS TO LOCAL STANDARDS OR BY-LAWS.

THIS WAS A COMMITMENT MADE BY THE GOVERNMENT DURING THE ELECTION CAMPAIGN IN ORDER TO MAKE IT EASIER FOR FAMILIES TO PURCHASE THEIR FIRST HOME. RATHER THAN WAIT UNTIL LEGISLATION CAN PASS THROUGH THE HOUSE, I WISH TO MAKE THIS BENEFIT AVAILABLE TO FAMILIES IMMEDIATELY AND TO REMOVE ANY UNCERTAINTY ON THE PART OF THE HOME BUYER OR THE HOUSING INDUSTRY.

MR. SPEAKER, I WOULD LIKE TO ADVISE THE HOUSE, AND THE PEOPLE OF CANADA, THAT WHEN THIS LEGISLATION IS PRESENTED TO HONORABLE MEMBERS FOR THEIR APPROVAL IT WILL

STIPULATE THAT THE GRANTS WILL BE PAYABLE TO PEOPLE WHO FULFILL THE REQUIRED CONDITIONS AND WHO PURCHASE AND WHO OCCUPY THEIR NEW HOMES ON OR AFTER THIS DAY, NOVEMBER 1, 1974.

IN OTHER WORDS, MR. SPEAKER, THE LEGISLATION, IF APPROVED, WOULD BE RETROACTIVE AND WOULD BENEFIT PEOPLE WHO BOUGHT AND OCCUPIED THEIR NEW HOUSE NOW, WITHOUT WAITING ANY LONGER.

THE CONDITIONS UNDER WHICH THE GRANTS MAY BE PAID WILL BE SPELLED OUT IN THE LEGISLATION BUT I WOULD LIKE, TODAY, TO SKETCH OUT OUR INTENTION IN GENERAL TERMS.

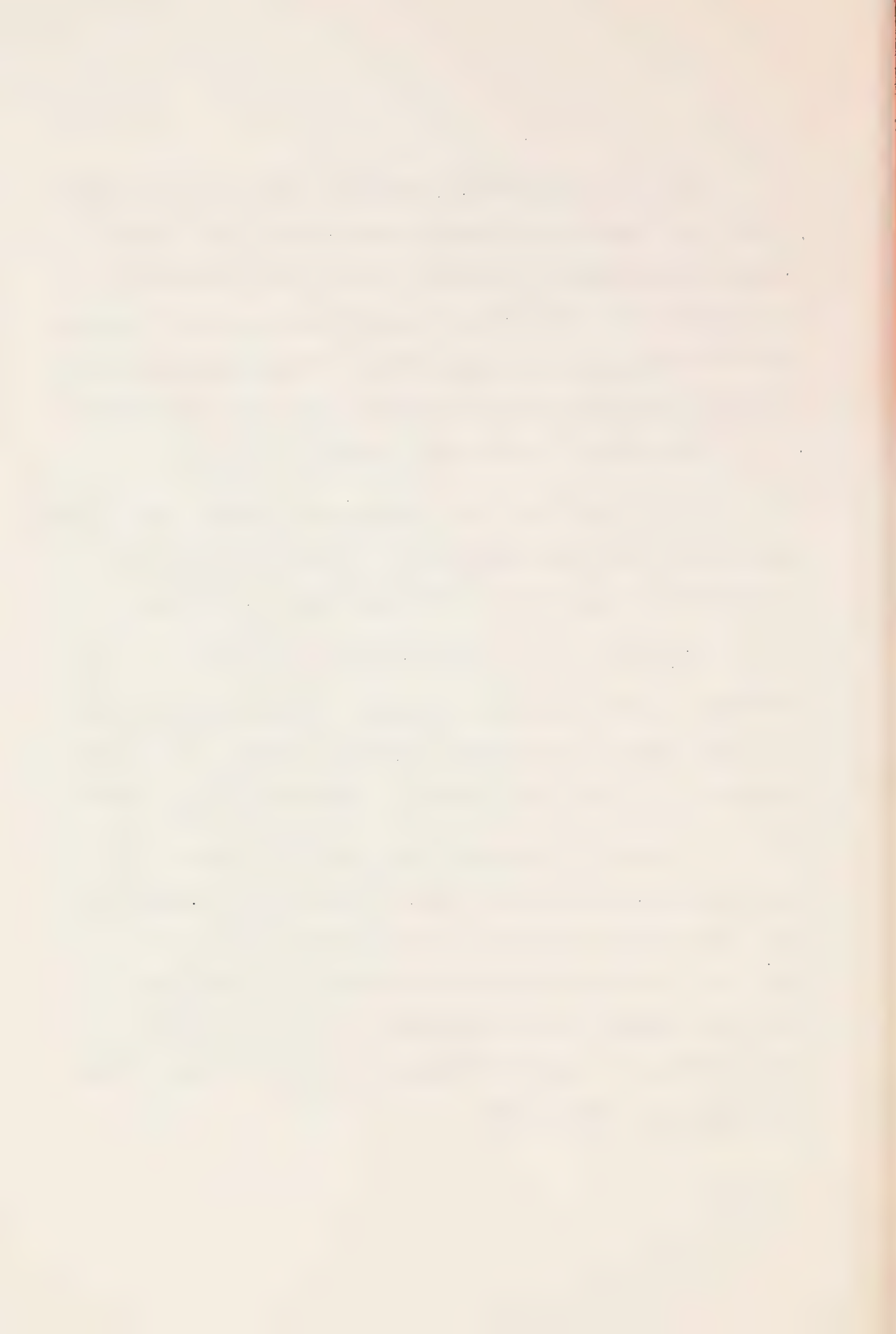
THE HOMEOWNER GRANT WOULD BE PAYABLE TO PEOPLE WHO ARE BUYING A NEW HOME, FOR THE FIRST TIME, WITHIN PRICE LIMITS WHICH VARY BY MARKET AREA. THEY WILL BE THOSE USED BY CMHC IN SETTING THE UPPER LIMIT OF LOANS IT WILL INSURE UNDER THE NATIONAL HOUSING ACT. IN REGINA, FOR INSTANCE, THE GRANT WOULD BE PAYABLE TO SOMEONE BUYING A HOUSE COSTING \$31,580. IN TORONTO, WHERE COSTS ARE SUBSTANTIALLY HIGHER, THE MAXIMUM PRICE ELIGIBLE FOR A GRANT WOULD BE \$44,915.

THE LEGISLATION WILL PROVIDE THAT THE HOUSING MUST BE NEW, NOT PREVIOUSLY OCCUPIED AND MUST BE THE OWNER'S PRINCIPAL RESIDENCE. AT SUCH TIME AS THE LEGISLATION MAY BE APPROVED, THE OWNER WHO HAS BOUGHT AND OCCUPIED HIS NEW HOME MAY APPLY TO THE LOCAL CENTRAL MORTGAGE AND HOUSING CORPORATION OFFICE WHO WOULD PROCESS HIS APPLICATION AND, IF IT IS ACCEPTABLE, SEND HIM A CHEQUE.

THIS GRANT WILL BE A SELECTIVE MEASURE, MR. SPEAKER, DIRECTED TO THOSE WHO NEED HELP. AS THE PRIME MINISTER POINTED OUT IN ANNOUNCING THE GOVERNMENT'S INTENTION:

"IT WILL GO DIRECTLY TO THE HOME-BUYER -- TO THE CONSUMER. IT WILL NOT BE AVAILABLE TO HOUSING SPECULATORS OR TO THE WEALTHY PURCHASING EXPENSIVE HOMES. IT WILL BE AVAILABLE TO FIRST-TIME BUYERS OF MODERATELY PRICED HOMES."

I HOPE, MR. SPEAKER, THAT THIS LEGISLATION WILL FIND FAVOR AMONG HONORABLE MEMBERS, WHEN IT IS PRESENTED, AS A TIMELY HELP FOR A VERY LARGE NUMBER OF CANADIAN FAMILIES. IT IS AN IMPORTANT INITIATIVE IN THE BROAD RANGE OF FEDERAL HOUSING MEASURES AND ONE OF A NUMBER OF PROPOSALS WHICH I SHALL BE PRESENTING TO THE HOUSE DURING THIS SESSION OF PARLIAMENT.



Remarks by the Honourable Barney Danson

Minister of State
for Urban Affairs

Discours de l'honorable Barney Danson

ministre d'État
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PROPERTY FORUM '74
ANNUAL LUNCHEON
INN ON THE PARK

TORONTO

WEDNESDAY, NOVEMBER 20, 1974



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I am pleased to have the chance to speak to such a large group of people who have such an important influence on the production and distribution of housing for Canadians.

As you are abundantly aware, two days ago my colleague, the Minister of Finance, introduced his budget. It is a significant document containing a number of measures to deal with Canada's fiscal policies and programs as they relate to the current economic climate of our country and its place in the world community during these inflationary times.

From my particular vantage point it is an important budget, not only because I am a member of the government but also because I am the Minister responsible for housing. The budget contains a number of provisions which will help Canadians in their quest for good accommodation for themselves and their families at prices and rents they can afford.

Today I want to deal specifically with these provisions and to talk in more general terms about other measures I propose to introduce to Parliament in the next few weeks to help achieve my personal commitment and the goal of the government to put good housing within the reach of all Canadians.

In saying that, and without attempting to bore you by reciting a litany of the accomplishments of the government during the past six years in the field of housing, I want to repeat that I am proud of our record -- not complacent by any means, but proud. It is a record not which the Federal Government has achieved single-handedly in some heroic fashion, but which has been accomplished by the collective effort of governments at all levels, by business and industry and by the Canadian people themselves. That is what makes it significant. That is what makes me proud to be a Canadian and gives me cause for optimism when I look at the Budget and the other measures which I intend to propose in the near future. These are not and will not be the products of a government acting in isolation from the expressed needs and desires of the people it serves. These are and will be the products of a government that has listened to the people and the housing industry and responded with a series of programs and policies designed to provide assistance quickly and where it is needed most.

I would like to deal with those measures in the November 18 Budget, designed to stimulate residential construction.

I want to preface that by repeating the assurance given by the Minister of Finance on Monday that the government is determined not to let housing construction drop to unduly low levels, with 200,000 units being a minimum objective.

Some of the measures introduced in the May Budget should make an effective contribution toward this end and will be reintroduced. There are three. The first of these is that the carrying costs on land awaiting development will not be chargeable against other income but can be taken into account only when the land is sold. Both myself and the Minister of Finance, after due consideration, are of the view that this measure will assist in bringing more land onto the market more quickly.

The second measure proposed in the May Budget and which has been reintroduced is the elimination of the sales tax on construction equipment and on materials used in municipal water distribution systems.

The third measure which is being reintroduced is the Registered Home Ownership Savings Plan, which is designed to assist young people in accumulating enough money for a down payment on a home of their own. Under this plan, as you will recall, young couples, when both

have incomes, can save up to \$2,000 a year, tax-free, up to a maximum of \$20,000 when applied toward the purchase of a home and to furnishings such as essential major appliances and furniture. I have always seen this as a long-term and continuing incentive to enable young families to become home-owners. An additional beneficial feature of this plan in our view is the hope and indeed the expectation that the bulk of the savings flowing into it will provide an important new source of mortgage funds to finance the construction of the new housing we require in Canada. I might add that this is a matter I intend to pursue and promote vigorously as Federal Minister responsible for housing.

I want to deal now with the new measures proposed in the Budget.

We have, as you know, cut the rate of sales tax on building and construction materials to 5 per cent. The government has, up until now, resisted this move because of its great cost and because of the then very real fear that it would have overstimulated an already strong demand at the wrong time. However, it is evident that the housing picture has changed significantly in the past few months and it is now our intention to add stimulus to the industry

and contribute to a moderation in house prices by this measure. I will be instituting a monitoring process which will include industry and consumer participation in concert with the Department of Consumer and Corporate Affairs to make certain that cost savings are reflected in material and house prices.

It has also been proposed to relax the rate, for a period, whereby capital cost allowances on rental construction cannot be charged against income from other sources, a step which should provide a quick and strong incentive to the construction of new rental housing units. More specifically, the capital cost allowance rule will apply in respect of new, multiple-unit residential buildings for rent, up until December 31, 1975. The effect of this measure, as you can appreciate, is that an owner of an eligible rental unit will be permitted to deduct capital cost allowance against any source of income at any time. It is our judgment that this will attract a significant amount of private equity capital into the construction of new rental housing.

You will recall my recent announcement of the \$500 tax-free home-owner grants to be provided to first-time purchasers of new, moderately-priced housing units. The one-year time limit imposed in this program will do two things, I believe. It will increase its effectiveness as an immediate stimulus to housing construction and it will give us the opportunity to review the manner in which it is achieving its objective during this period to determine its overall efficacy -- whether it needs to be continued at all in the light of conditions at the time, or whether it needs to be prolonged either in its present or in an amended form. In short it is a flexible program designed to accommodate the realities not only as they exist now but also as they might exist a year from now. I might add, if it is not already evident, that I regard this as a particularly important program which, coupled with the reduction in the sales tax on construction and building materials should provide a major stimulus to the construction of new housing starts.

It is also my intention to ensure the policies of Central Mortgage and Housing Corporation will be adapted to the changing economic situation in Canada.

AHOP -- the Assisted Home Ownership Program -- which has been successful in helping so many Canadians realize the dream of owning their own homes, will be continued. The area of greatest shortage is that of rental accommodation. This has reached close to critical situations in many of our major cities.

We intend to place much greater emphasis on stimulating new construction of rental units for people of moderate income.

Legislative and other measures will also be introduced in such areas as sewage treatment, land assembly and the infusion of private capital into Assisted Home Ownership and Limited Dividend housing.

As I said earlier in my remarks I am personally committed toward the goal of attracting greater investment to the residential mortgage market. The establishment of the Federal Mortgage Exchange Corporation, the creation of private Mortgage Investment Corporations, and the deductibility of the first \$1,000 of interest income for individual investors, are intended to make residential mortgages a more attractive instrument for a wider range of investors and institutions.

I intend to explore every possible avenue which holds promise of increasing the flow of housing capital, including the greater participation by pension funds who manage very substantial sums on behalf of Canadian working people.

Earlier I mentioned briefly the Assisted Home Ownership Program and the Limited Dividend Rental Program. I am pursuing the attraction of private capital investment into these programs. We are all aware that we have invested a great deal of money in these programs and, while this investment might possibly increase, there are limits to the amount of taxpayers' funds which can be allocated. Greater leverage for the tax dollar can be produced by putting together a package of private capital and government subsidies that will increase available financial resources for these two programs and multiply the number of families who will be helped to find good housing.

This frankly achieves "more bang for the buck" -- it would make housing funds more readily available, encourage builders, developers and entrepreneurs to borrow with more confidence and, most important of all in the final analysis, give the Canadian people the kind of housing they need.

That is and will continue to be my philosophy as Minister responsible for housing at the federal level. My primary objective is to provide our people with the opportunity of obtaining the kind of housing they need. I want to see ordinary, every day Canadians provided with decent accommodation and at prices and rents that are manageable within their budgets.

It's not going to happen overnight! I don't have any magic solutions that will make it happen overnight! I am also enough of a realist to know that the policies and programs I have spoken of today by themselves will not do the total job. In fact all of them put together will not do it without the active support and cooperation of both the building industry and the financial community.

Together we have a great opportunity -- more than the opportunity, we have the responsibility -- to achieve an essential objective. It is in your own enlightened self-interest to join with us in this venture.

I believe we have demonstrated our good faith in creating a favourable climate for progress and development. I am inviting your ideas, your proposals, your cooperation in pursuit of this objective.

If you are willing to accommodate your own goals to the national needs you can count on the consistent and enthusiastic support of the Federal Government.

Remarks by the Honourable Barney Danson

Minister of State
for Urban Affairs

Discours de l'honorable Barney Danson

ministre d'État
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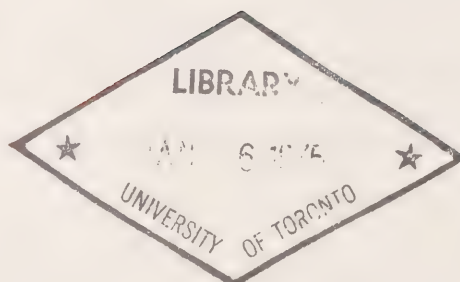
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AN ADDRESS

DURING DEBATE ON THE BUDGET

HOUSE OF COMMONS

NOVEMBER 25, 1974



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Mr. Speaker, as Minister responsible for housing through the Central Mortgage and Housing Corporation, I welcome many elements in the budget which both directly and indirectly deal with the very real challenges which face us in maintaining the high quality of housing we enjoy in Canada and the availability of housing at prices people can afford at a time of high inflation. In the housing field, inflation manifests itself primarily in very high interest rates as well as in the high cost of building materials and labour.

By continuing to direct his policies toward achieving an even-handed approach to inflation and economic growth, the Minister of Finance (Mr. Turner) assures us of the fundamental stability and strength which makes Canada the envy of virtually all western industrial nations. While no one would suggest that we do not have serious problems, it is evident to everyone that we are coping with these with greater success than others, more particularly than our principal trading partners most of whom have higher rates of inflation and who predict zero or minus growth rates in their real gross national product while ours is projected to grow by some 4 per cent in the coming year.

This basic strength gives hope for 1975. Without it we could not realistically begin to cope with the disturbing drop in housing starts which has plagued us, along with other nations, in the latter part of this year.

Over the past six years we have consistently and significantly surpassed the required 200,000 starts per year. By the end of this year we expect to see final figures of 220,000 to 230,000 starts and about 250,000 completions. This would be cause for satisfaction were it not for the fact that these figures reflect an exceptionally high level of starts in the first part of the year, which level declined dramatically to an annual rate of 173,000 starts in October.

Of further concern to me has been the consequence of high interest rates, high construction costs and high serviced-lot costs which have made it extremely difficult for Canadians, especially young families, to get their stake in the housing market. While home ownership is presenting problems which we are tackling vigorously, the lack of rental accommodation has reached critical proportions in many cities across Canada. While rents, on the whole, have not increased at nearly the rate of other costs, continuing vacancy rates of less than 2 per cent will put pressure on rents that will be unacceptable to Canadians and their government. Rent controls are not the answer in this market. Indeed, in the provinces where they have been applied they have tended to exacerbate the problem, and I reject controls as a solution or even as a palliative. A major portion of our efforts in 1975 will be directed to the rental field.

The government's overall approach of increasing supply is one which I shall apply in coping with both home ownership and rental accommodation. It is for this reason that we shall use government resources and taxpayers' dollars to achieve the maximum effect in making it possible for builders and developers to deliver good accommodation to Canadians at high levels and affordable prices. This can only be done if provinces and municipalities accelerate the rate at which they approve building plans. The concern being shown for good planning is welcome. The very real problems of municipalities are well understood. On the other hand, most people acknowledge that administrative delays and, in some cases, prolonged resistance to any reasonable development are major factors in increasing development costs and aggravating problems of supply.

I therefore urge provinces and municipalities to look carefully but urgently at all plans before them, with a view to accelerating the flow of residential building permits in areas of shortage or high cost. This might mean a lot of night and weekend work for planning bodies. However, it is essential in dealing with our current and anticipated situation and should not detract from good planning practices; it concerns just the administration time of such practices.

Now, Mr. Speaker, let us look at the specific measures in the budget which will help us reach the minimum target of 200,000 starts which we have set for 1975. The most

dramatic is the decrease in sales tax on building materials from 11 per cent to 5 per cent. This, on the average, will reduce the cost of a home by approximately \$650. For first-time buyers of new, moderately priced homes we must add the \$500 grant which I announced on November 1, making a reduction of \$1,150. This is a significant incentive to bring this type of new housing on the market at prices Canadians can afford and which the housing industry can provide, as proven to us by them, with the Assisted Home Ownership Program.

Demand pressures have relaxed to the point that the marketplace is beginning to work. I want to see homes sell at prices related to their cost, rather than what the traffic will bear. While I am hopeful that this will be the case. I do not intend to leave it to pure chance. For this reason I am implementing a monitoring procedure to make certain that sales tax reductions are passed on to the builders by the suppliers and by the builders to the home buyers. I have invited representatives of the supply and building industries to meet with me and with my officials in Ottawa to seek their co-operation and to develop and explain procedures which will best achieve the reduction in costs and increase in supply which the measure is designed to achieve. My colleague, the Minister of Consumer and Corporate Affairs (Mr. Ouellet), is co-operating fully with me in this effort.

Another factor in the budget is the disallowance of the carrying cost on land until it is brought into use. This should accelerate the supply of land. Combines with the action of some provinces, our federal program\$ for land assembly and servicing and the reintroduction of Bill C-34 to assist municipalities and provinces in providing sanitary and storm sewer services, plus the co-operation of planning authorities, will help substantially in shaking out a distorted land market that has been under pressures which have added inexcusably and even unconscionably to serviced-lot prices and thus to housing prices.

The Registered Home Ownership savings plan give considerable incentive to families to save for the down payment on their first home. The sum of \$1,000 can be deducted from taxable income each year for up to ten years. This means that if both partners are working they can save up to \$2,000 yearly or \$20,000 in ten years if that is their priority. Invested at even 8 percent interest, this would add up to about \$14,450 total in ten years for one income earner, or \$28,900 for both. It should also add significantly to the flow of investment money which will find its way into the mortgage market which, in turn, will help provide the homes which these couples are saving to buy. Add to this the \$1,000 in deductions from interest earnings for all taxpayers, and we have a major infusion of money into the mortgage market.

In additon, I am urging the significantly growing pension funds to allocate a greater proportion of their investment to the residential mortgage market. Mortgage investment corporations being formed under legislation from the last parliament, and the establishment of the Federal Mortgage Exchange Corporation, are further incentives for residential mortgage investment. Combined, all of these measures should assure supply of mortgage funds and act as a stabilizing factor on mortgage interest rates.

What I like best of all about the Registered Home Ownership savings plan, Mr. Speaker, is the incentive to savings -- an almost forgotten word in these times of almost insatiable demand for all the good things available to us in an abundant society. I have said in the past that every Canadian has a right to good housing and it is my responsibility to see that it is provided. I have also said that every Canadian family has the right to the option of their own home. This measure gives them the means to set their priorities. If a home rates high on their list of priorities, they now have one of the most generous and effective vehicles for achieving this goal. It is now my job to deliver programs to make certain that enough homes are built, at moderate prices, to meet the demand, and also enough rental accommodation for those saving toward ownership as well as those who choose rental rather than ownership.

A growing number of Canadians are seeking rental accommodation, particularly in or near the centres of our major cities. It must be apparent that living in our growing urban centres must be relatively high density and the dream of a single-family dwelling on its own separate lot is only achievable at economic cost, for most, away from the central areas of our cities. The choice for many thus becomes achievable single-family ownership in suburban or smaller communities, town house, condominium type ownership or rental within the city.

The increase in demand for rental accommodation is outstripping supply and investment in multiple-family units, especially apartment buildings, is lagging. In many parts of the country this investment has traditionally come from private investors who have invested in such real estate at its inception or as a secondary market to provide funds for builders to engage in further new construction and as a good investment for themselves. Until tax reform they could write off the depreciation or capital cost allowance against this other income. This tax shelter was withdrawn on the grounds of equity as a result of tax reform. The consequence has been a serious cutback in new construction in some areas.

To give impetus to this critical area we are encouraging this investment for those who build multiple-family rental accommodation in 1975 by allowing the application of capital cost allowance against other income.

These measures, combined with substantial funds to be applied to existing programs and the new measures I plan to place before the House in December, will add to the total matrix of policies necessary to increase momentum in the housing industry. There is no single magic, or simplistic solution: needs vary from family to family, from city to city and from region to region. We do know, however, what has worked well in the current situation and now we can make it work even better. The Assisted Home Ownership Program has brought some 20,000 new homes on to the market at a cost of \$450 million in loans. I have allocated a further \$50 million in loans and subsidies for increased limited dividend, voluntarily controlled rental accommodation for the last two months of this year -- enough for about 2,000 units. CMHC has received applications for over 6,600 units under this plan and is selecting those which give the best value. These programs will be expanded in the coming year in response to the need and the demonstrated interest of the builders.

Because our resources are not unlimited I will be introducing legislation which will make it possible to tap the capital resources of the private mortgage markets to do much the same job. There are still areas where government, through CMHC, will have to be the lender and provide the subsidy to make it possible for low-income families to buy or rent new, moderately priced housing and not spend more than a reasonable proportion of their income whether buying or renting. The family income ceilings for this assistance range up to \$8,000 and even \$18,000 in high-cost areas.

We want to make it possible for even more people to be helped; but, as we have seen, even over half a billion dollars in federal funds in these two programs alone, assisted home ownership and limited dividend housing, in 1974 is not enough. To untap the major sources of private mortgage funds we intend to bridge the gap in interest rates between the minimum rate at which private lenders can economically lend and the maximum rate at which lower and medium-income Canadians can afford to borrow. This will apply to more areas of Canada and to a broader income range. As the objective is to increase the supply of new, moderately priced housing, this measure will be specifically directed at this moderate price range of new housing. I will also be proposing legislation to provide warranties to home buyers to protect them from unscrupulous or negligent builders.

Mr. Speaker, the world economic situation is largely beyond our direct control. That which we can affect will be pursued with vigour, responsibility and sensitivity. We are determined that the continuing goal of good housing at affordable prices is achievable for all Canadians even under present difficult circumstances. We intend to continue support to a productive housing industry working toward government objectives.

We are, further, determined to maintain high levels of employment and productivity in this vital segment of our economy which employs 200,000 Canadians directly on site, a further 30,000 off site and two or three times that number who supply the appliances, furniture, rugs, drapes and other furnishings that go into a home. We have done so consistently over the years and have increased our budgets in the life of this government from about \$716 million in 1967 to \$900 million in 1974. I do not intend to lessen now this momentum in such a critical area of our society and economy. Indeed, the emphasis, resources and impact will be greater still, not only in homes for Canadians but in homes in cities and towns which are increasingly well planned and in an environment in which we can live richly.

To summarize, Mr. Speaker, the government has a multipronged and aggressive approach to deal with what otherwise would be an unacceptable housing picture. In the budget there is a reduction in sales tax on building materials to 5 per cent, the elimination of sales tax on construction equipment, the registered home ownership savings plan, the encouragement of private investment in rental accommodation, and other measures to encourage savings and mortgage investments.

The existing programs include a \$500 home owner's grant, assisted home ownership for moderate and lower income Canadians, limited dividend rental accommodation, rural and native housing, non-profit housing, co-operative housing, student housing, senior citizens' housing, land assembly programs, land servicing programs, municipal sewer programs, the Neighbourhood Improvement Program, the Residential Rehabilitation Assistance Program, programs for innovative housing, the Federal Mortgage Exchange Corporation, mortgage investment corporations, and others which complement these. Those are the existing programs.

In the near future we will have the Assisted Home Ownership Program with private sector participation for moderately priced homes, which I just briefly outlined, the limited dividend rental program with private sector participation to increase the leverage for low rental accommodation in

Broadview and all the other great places across this country, and new legislation to provide land at economic cost for low-income housing in high land cost areas. This is extremely important in major cities such as Vancouver, Montreal, Toronto and Peterborough. Also, there is the expansion and extension of our municipal sewer system assistance program which is extremely important for municipalities in bringing more housing lots on to the market, and the warranty protection program for home buyers which I have mentioned.

Other measures might be necessary to meet new problems or opportunities as they arise. I urge, Mr. Speaker, that our home building industry and the lending institutions gear up for a year of sustained activity in 1975, a year in which housing starts can well exceed, and comfortably exceed, the minimum 200,000 units if Canada's economy continues to perform as it has and in a way which this budget is designed to sustain. I am not suggesting that it will be easy, but I am saying that every effort of the government will be expended to make it possible.

Remarks by the Honourable Barney Danson

Minister of State
for Urban Affairs

Discours de l'honorable Barney Danson

ministre d'État
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TORONTO HOME BUILDERS' ASSOCIATION

DECEMBER 3, 1974



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My objective today is to outline to you just what we are doing, what we hope to achieve, and how you can help us in reaching the goal of providing Canadians with good housing at prices and rents they can afford.

Firstly, I want to congratulate the members of this association, as well as builders in Canada generally, who have done a truly remarkable job during recent years in building housing of the kind, and in the numbers that Canadians have needed.

It is well known that our rate of production has been exceeding population growth and family formations by a good margin. In the last six years 1,350,000 new homes were built for some 5½ million Canadians. This record was achieved by an aggressive and efficient building industry supported by private financial institutions as well as by Federal and Provincial housing programs and policies that have contributed to a stable market.

I think we can all be proud of this accomplishment, but we obviously cannot be complacent, as long as there are Canadians who are not well housed in a good environment and within their financial resources.

There are some hard facts we must face up to in meeting this challenge.

Almost 800,000 Canadian households spend more than

25 per cent of their gross income on shelter. Even more disturbing is the knowledge that 107,000 tenant families with incomes under \$3,000 spend over 50 per cent of their incomes for shelter. These are hardly comforting statistics, nor is the fact that there are some 500,000 housing units in Canada requiring rehabilitation or replacement.

We will probably end 1974 with about 220,000 to 230,000 starts and approximately 250,000 completions. This would be cause for some satisfaction were it for the fact that these figures reflect an exceptionally high level of starts for the first part of the year, which has declined dramatically to an annual rate of 173,000 starts in October.

The present shortage of suitable accommodation at affordable prices in Toronto and other cities across Canada is not acceptable. It is not acceptable to the people who need housing in communities where the shortages exist. It is not acceptable to the Federal, Provincial or Municipal Governments and surely it is not acceptable to builders either.

Although I am by nature an optimist, I am also very much a realist. I know that there are tremendous difficulties in stepping up housing production in a huge, complex market that cannot respond instantly to government incentive. There is no magic solution that can create housing overnight where no housing stood before.

In the recent budget my colleague, the Minister of

Finance presented many welcome elements that both directly and indirectly will help us to accomplish the goal of satisfying the growing demand for good accommodation.

The provisions of the budget, coupled with other measures that I have introduced or will be introducing to Parliament shortly, indicate the objective of the government and my personal commitment to make good housing available to all Canadians.

I am not referring here only to home ownership, although it is obviously important that people of low and middle incomes have the opportunity to buy homes at prices they can afford, if they choose that option.

I am particularly concerned about the shortage of apartments and other types of accommodation for rent. For this kind of housing, starts declined nearly 60 per cent in the first 10 months of the year. Rents, on the whole, have not increased at nearly the rate of other costs, but the continuing vacancy rates of less than two per cent in major centres could produce pressures on rents that are unacceptable.

I have stated before that I do not believe mandatory rent controls are the answer. Where controls have been applied, they have produced other serious problems that simply exacerbate the situation. The market must be made to work by encouraging supply and competition.

By the same token it is not governments who build

houses; builders do. In my view, if governments ever did try it we would end up with the ugliest, most expensive and probably the most slowly produced housing possible. We just have to look at those countries who have tried it.

The approach of the government and of my Ministry is to stimulate an increase in supply of housing by making it possible for builders and developers to deliver a high level of good accommodation to Canadians at prices they can afford, and to do so profitably.

Three of the measures introduced in the earlier May budget will effectively contribute to this goal and have been re-introduced.

The first of these is that the carrying costs on land awaiting development will not be chargeable against other income but can be taken into account only when the land is brought into housing production.

The second measure to be re-introduced is the elimination of the sales tax on construction equipment and on materials used in municipal water distribution systems.

The Registered Home Ownership Savings Plan, which is designed to assist people -- particularly young couples -- to accumulate enough money for a down payment on a home of their own, has also been re-introduced.

I believe this plan will provide considerable incentive to families to save for that first down payment.

A total of \$1,000 can be deducted from each taxable income yearly for a period up to ten years. This means that if both partners have incomes, they can save up to \$20,000 in non-taxable income in 10 years which, compounded annually at even 8% interest, would total about \$32,000.

In many instances, it will not be necessary to save for the full ten years in order to acquire the down payment as well as sufficient funds for necessary furnishings and appliances.

This is a long term and continuing incentive for young couples to become home owners, but it will undoubtedly have a beneficial effect on the mortgage market. I expect that a good portion of these savings will find its way into the mortgage market, and this in turn will help to provide the homes they are saving to buy.

The reduction in the sales tax on building materials from 11% to 5%, is a major measure in the budget affecting housing.

The average decrease in the tax on building materials is expected to reduce the cost and the price of a moderately priced home by approximately \$650. For first-time home owners who are eligible for the \$500 grant there will be a total reduction of about \$1,150. This will help Canadians materially in buying the home which you build. In Toronto, with higher average costs, the savings should be even greater.

I am implementing a monitoring procedure to make certain that sales tax reductions are passed on to the builders by the suppliers and subsequently to the home buyers.

Representatives of the supply and building industries have been invited to meet with me and my officials in Ottawa to discuss this matter in detail. My purpose in doing this is to seek cooperation from within the industry, and to explain and develop procedures to ensure that the objective of lower prices will be achieved. My colleague, the Minister of Consumer and Corporate Affairs, is providing the full cooperation of his department in this undertaking.

Another important feature of the budget relates to the construction of multiple family rental accommodation. Investment in multiple-family units, especially apartment buildings, is seriously lagging, as you know, and it is apparent to all of us, as I said earlier, that the increase in demand is outstripping supply.

The budget reintroduces capital cost allowances as a charge, or write-off, against other income, a measure that should give strong encouragement to the construction of multiple family rental accommodation. This incentive will apply to construction started before the end of next year.

During the last few weeks I have allocated a total of \$58 million at eight per cent to builders in major centres -- including Toronto -- who were prepared to build good housing

for rent at agreed-upon moderate rates. The response to this project particularly in Toronto has been most encouraging. CMHC has received applications for about 7,000 units across the country under this plan, and are selecting some 2,626 that promise to give the best value.

It is evident from this experience that with economic financing available you are in a position to deliver.

The government's objective, through CMHC, is to see a market in which Canadian families can buy or rent new, moderately priced housing without spending a disproportionate amount of their income.

We want to make it possible for even more people to be helped but, considering the whole range of the government's obligations, there are limits to how much taxpayers' money can be committed in this way. I intend to encourage private investment more heavily which is essential if we are to continue to grow.

In order to unleash the major sources of private mortgage funds, we intend to bridge the gap in interest rates between the minimum rate at which private lenders can economically lend and the maximum rate at which lower and middle income Canadians can afford to borrow.

I intend to explore every avenue that holds promise of increasing the flow of housing capital including a greater participation by pension funds that manage very substantial sums on behalf of many Canadian working people.

These are some of the steps we are taking to increase residential housing construction under the present difficult circumstances. We intend to continue supporting a productive housing industry working toward the increase in supply at prices which more Canadians can afford.

I am very much aware that none of the plans I have outlined can be really effective without the active support and cooperation of both the building industry and the financial community. I have already had an opportunity to discuss some of these issues with people in the private sector but I am most anxious to expand these contacts as much as I can. My officials and I would be pleased to hear from you, either individually or through your association, if you have proposals to make.

I also think that long delays in securing building permits is a major factor in high costs. I urge local planning bodies to do all in their power, within the context of good planning, to accelerate their procedures. It is essential that this process be improved and I am asking my provincial counterparts to address themselves to this problem as a matter of urgency.

I believe it is essential to see that you have as orderly and stable a marketplace within which to do business as government can provide in current circumstances. You are entitled to know what government policies and programs

are as soon as possible and which offer you the kind of continuity you need to plan.

For 1975 you can plan on a continuation of the Assisted Home Ownership Program, expanded to include private sources of mortgage money and a substantially expanded limited dividend rental accommodation program which will also be reinforced by access to sources of private lending.

Add to this the incentives to investment contained in the budget; the reduction in the sales tax on building materials, the \$500 homeowner grant, the expanded program for municipal sewer systems and land assembly, the continuing programs for non-profit cooperatives, senior citizens and public housing, rural and native housing, as well as our programs for rehabilitation of substandard housing, and we have an infusion of about a billion dollars of Federal money plus significant Provincial funding to give substantial support to what has been a declining housing supply.

I intend to do everything in my power and within my resources as Minister responsible for Federal housing policy to make certain that we exceed our minimum objective of 200,000 starts in 1975. Indeed, I hope we can surpass it comfortably.

If you are prepared to join us in the pursuit of affordable housing for all Canadians, and are willing to set your own goals to the national needs, I assure you that you can count on the consistent support and cooperation of the Federal government, through 1975 and beyond.

Remarks by the Honourable Barney Danson

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ministre d'État
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WEDNESDAY, DECEMBER 11, 1974



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I am pleased to have this opportunity to speak to you today about legislation and programs that will be of some significance in the field of mortgage financing.

Over the years, the Federal Government's housing agency, Central Mortgage and Housing Corporation, has worked closely with and complemented the activities of those engaged in the residential mortgage field.

CMHC, in its own efforts to make good housing available to all Canadians, has been sensitive to the needs of the mortgage market. Such legislative initiatives as the system of loan insurance under the NHA, freedom of lenders to set rates of interest for loans made under the Act, the so-called "roll-over" policy allowing renegotiation of interest rates at five-year intervals, and many other amendments to the Act made over the years, reflect the concern of CMHC to encourage private investment in residential mortgages and to provide a stable and orderly housing market.

CMHC, as you know, is responsible for the operation of a broad range of federal programs designed to stimulate the building of homes and to give more Canadians, particularly those of low and middle-income, access to good, affordable accommodation. It has a mandate to develop innovative

solutions to Canadian housing problems, and it constantly works with other governments and private interests to obtain the maximum effect from its programs.

This is the context in which my colleague, the Minister of Finance, presented his recent budget containing a number of measures that will have both a direct and indirect effect on housing and, of course, on your business.

I think it would be useful if I reviewed briefly those items in the budget, along with other recent legislation, that are of most interest to this seminar, in order to indicate the policies and objectives of the Federal Government in the field of housing.

First, though, I want to pay tribute to the housing industry -- all of it, the builders, developers and the financial institutions -- for some truly remarkable achievements in recent years.

Until recently, housing of the kind and in the quantity required has been financed, built and sold to Canadians at a rate that has exceeded population growth and family formations by a considerable margin. Production figures show that during the past six years, 1,350,000 new homes were built for some 5½ million Canadians. This record

was achieved by an aggressive and efficient building industry supported by private financial institutions and with the co-operation and assistance of Federal and Provincial government policies and programs.

The accomplishments of recent years make me confident that current difficulties can and will be overcome and that the housing industry will continue to provide an adequate number of suitable homes that Canadians can afford.

In saying this, I am not simply adopting the posture of the perennial optimist. I am very much the realist, and I am well aware of all the current problems. I am deeply concerned that the rate of housing starts has declined by more than 25 per cent since the beginning of 1974. We will probably end this year with about 220,000 to 230,000 starts and approximately 250,000 completions. This in itself is a satisfactory record, but the figures reflect an exceptionally high level of activity during the first part of the year, and the annual rate of starts in November has declined to 167,000, which is well below the level required to meet the needs of Canadians.

The decline in housing starts is, as you know, due to the complex inter-action of a number of factors, including the international economic scene generally, but I would like to assure you that the Federal Government is not going to allow housing starts in this country to decline next year to the rate predicted by respected economic bodies, as they would without our greater intervention. The measures proposed in the budget and other legislation either now in effect or contemplated, should ensure at least 200,000 starts next year. Hopefully, we can surpass this target and return some degree of stability to the market.

Although I will be referring here only to Federal measures as outlined in the budget and contained in recent legislation, I am sure all of you are aware that action at the Provincial and Municipal levels will also play an essential and important part in the construction and distribution of housing.

Certain budgetary measures are designed to "zero in" on the two problems of high housing costs and the acute shortage of rental accommodation in many parts of the country.

The reduction in the sales tax on building materials from 11% to 5% is a major budgetary measure that is expected to reduce the average cost of a moderately-priced home by approximately \$650. Through a monitoring system, we intend to determine the extent to which this saving is passed on to the builders by the suppliers and ultimately to the home buyers. I have met with leaders in the residential construction industry who have indicated that this is already taking place.

In order to stimulate the construction of multiple rental accommodation for families, the budget reintroduces capital cost allowances as a write-off against other income. This tax shelter will apply to construction that is started before the end of 1975, and should be a welcome incentive to investment in the construction of apartment buildings and other rental housing.

Additional stimulus to the rental market was given when I allocated a total of \$58 million at an attractive rate of eight per cent to builders in major centres who are prepared to build good housing for rent at agreed-upon moderate rates. This project produced an enthusiastic response, and CMHC has received applications for about 7,000 units across the country. From these, we are selecting some 2,600 that promise the best value.

As a result of the reduction in sales tax, I instructed my officials to renegotiate with the applicants and, consequently, prices of the units and rents have been adjusted downward to reflect the sales tax reduction.

Three measures introduced in the May budget were re-introduced by Mr. Turner on November 25.

One of these prevents the carrying costs on land awaiting development to be charged against other income until the land is actually brought into housing production.

The second measure to be re-introduced is the elimination of the sales tax on construction equipment and materials used in municipal water distribution systems.

The third measure was the Registered Home Ownership Savings Plan, which is designed to assist individuals or couples -- particularly young people -- to accumulate enough money for the down payment on a home of their own. This plan allows a total of \$1,000 each year to be deducted from each taxable income for a period of up to ten years if the funds are put into a registered program. This is expected to provide a long term and continuing incentive to young couples to save towards home ownership. This means that if both partners have incomes, they can save up to \$20,000 in non-taxable income in 10 years which, compounded annually at even 8% would total about \$32,000.

An additional benefit will be that a good portion of these savings will undoubtedly find its way into the mortgage market, which will help to provide the homes they are saving to buy.

Earlier in the year, we requested lenders to limit high-ratio mortgages to moderate-priced housing. This step was taken at a time of extremely high activity in the housing market, when it became obvious that the brakes should be applied. The recent budget removes the restraint on high ratio loans. This cannot be allowed to detract in any way from the Federal Government's continuing emphasis on housing for low and middle-income families.

All of you are aware, I am sure, of the immediate success of the Assisted Home Ownership Program introduced earlier this year. The original budget of \$300 million was increased to \$450 million, and even that was exhausted some time ago. The plan, familiarly known as AHOP, produced homes for some 20,000 families. About half of the homes were new construction but due to the rapid depletion of funds available it has latterly been limited to new construction. This program will get underway again in 1975 with some modifications which I will speak about in a moment.

Another step towards assisting home ownership, which I recently announced, is the \$500 grant to be given to couples who are buying their first home. The grants are restricted to the purchase of new moderately-priced homes in the hope of stimulating more production in that range. The price ceiling, of course, will vary from city to city conforming to CMHC local limits for insured loans.

Through these and other programs, the Federal Government has pumped over a billion dollars into Canada's housing market this year. The objective, basically, has been to establish a market in which Canadian families can buy or rent suitable housing without spending a disproportionate amount of their income.

We would like to be able to do much more, but there is obviously a limit, even though a high one, on government funds. We cannot directly provide all the mortgage money required.

It is evident that greater participation by private investors is essential if we are to meet the reasonable goals we have set, and I intend to encourage the flow of private capital into the housing market by every possible means.

For example, I intend to introduce measures which will encourage the investment of private mortgage funds into AHOP. This will be done by bridging the gap in interest rates between the minimum rate at which private lenders can economically make funds available and the rate at which middle and lower income Canadians can afford to borrow.

In practice, this would mean that a private lender would provide funds at the lowest current market rate to families which are eligible under the AHOP program, but CMHC would subsidize the borrower up to a maximum of \$600 annually. This is designed to make the effective net rate to the borrower such that his or her shelter costs do not exceed approximately 22% of family income.

I would, at the same time make similar benefits available to people who rent their homes. Builders of multiple family housing who are prepared to agree on reasonable rentals, could obtain private financing for the construction, and receive a subsidy from CMHC that could bring the effective interest rate down as low as eight per cent.

These proposals would have a double effect: they would bring more private mortgage funds into the market and provide the maximum leverage for the tax-payers' dollar allocated to these programs.

Legislation providing for the Federal Mortgage Exchange Corporation and Mortgage Investment Corporations was enacted during the last Parliament to increase the attractiveness and flow of private mortgage investment. I hope, too, that pension funds will invest a greater portion of their assets in the housing mortgage market.

As you know, legislation that has now received third reading will remove the restriction on federally incorporated trust and mortgage loan companies with regard to a leverage of 20 times capital and surplus. The amendments to the Trust Companies Bill will allow such companies to exceed the present limit and, when it becomes effective, will assist the flow of mortgage funds with the expected beneficial effects to the housing market.

Trust companies' assets currently amount to about \$12 billion. The anticipated increase in these assets for 1975 is about \$2½ billion. Assuming that the pattern of investment is much the same next year as this, most of that additional \$2½ billion will be directed into the residential mortgage market.

Obviously present mortgage interest rates are at unacceptably high levels. But government does not set interest rates, they are a product of market forces, both

international and domestic. The thrust of our programs is to reduce effect of high interest rates on residential mortgages for middle and lower-income Canadians by way of direct Federal subsidy.

These goals will not be realized overnight, as all of you well know. You are also aware that the policies and programs I have dealt with today will not, by themselves, do the total job. They will provide an important assist, but the most essential ingredient of a comprehensive solution is the active support and co-operation of both the financial community and the building industry.

I know you must realize that it is in your own enlightened self-interest, as well as Canada's, to join with us in ensuring that good housing is made available as quickly as possible.

I have already had the opportunity of discussing some of our proposals and policies with people in the private sector, and I will be meeting in Ottawa with representatives of the financial community later this month. In the meantime, my officials and I would like to hear from any of you if you have proposals which can assist further.

In closing, I would like to emphasize that if you are willing to accommodate your own goals to the national needs, you can count on my consistent and enthusiastic support and that of the Federal Government.

